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The Nation's Business

Many Germans Want Only Peace

ONE of the living forces for peace in Europe, and one that will exert increasing pressure against the mad, unreckoning schemes of the Nazi dictators, is the growing peace sentiment among the German people. They have little opportunity of expressing themselves but that they share our own fear of the consequences of another European war has been evident to those who have visited that country in recent weeks.

This week a Christmas card reached the office from one of the most brilliant women in Germany, a top-ranking leader of the German Women's Front. On the back she scribbled a personal message which includes these words:

> "Thank Heaven, we have been able to keep peace in spite of all the crises—and, God willing, we will continue to do so next year. If only some of the understanding that links the human beings of different nationalities together could lead politics!"

Anyone who cannot read between the lines of that note something both daring and significant does not appreciate the iron rule of discipline and propaganda in Germany. It is a voice crying out in the great darkness.

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SEVERAL letters from Germany have recently been received, all in similar vein.

Gradually it will sink into the depths of German understanding that Hitler is leading that nation onward to a destructive war.

If Mr. Chamberlain's policy of appeasement merely postpones the European war from day to day and from crisis to crisis, until the German people themselves oust their leaders or until Chancellor Hitler comes under the influence of some of his milder advisers, it will enable peace to be achieved in Europe without hazarding civilization itself in a death struggle.

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Great Lakes Plan Has Exporting Moral

ONE phase of the dispute between Great Lakes Paper Co. and the Ontario Government points an important moral for any exporting industry.

The dispute came to a head over a contract which Great Lakes negotiated with a Milwaukee publisher. The publisher formerly bought his paper from Abitibi Power and Paper Co. If the contract had been switched to Great Lakes it would have given the latter company excess tonnage at the expense of Abitibi. Desiring an even distribution of business among the different mills, the Ontario Government stepped in and insisted upon this tonnage being prorated among the industry.

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IN EVERY business transaction the consumer is one half of the deal. And in this case the consumer apparently balked.

When the Milwaukee publisher found the way blocked in negotiating a new contract with Great Lakes, it proceeded to negotiate with a potential supplier in Europe for its required tonnage. Had these negotiations been successful it would have meant that the attempts of the Ontario Government to dictate the terms on which newsprint tonnage was to be sold, would have sacrificed the entire tonnage with its consequent employment and profit as far as Canadian labor and capital were concerned.

A compromise has now been reached under which Great Lakes has obtained the contract for eight years but will prorate the tonnage for 1939, at least.

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CANADA has no monopoly of world newsprint manufacture. Even though we are still the largest single source of supply, the threat of competition — especially from new sources such as southern pine newsprint—is always present.

Production, marketing and control policies which do not take into account this competition and which cause customers to look elsewhere for their goods, undermine rather than strengthen the fundamental position of the industry.

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Canadian Corps Plan for Youth Training

THE Canadian Corps Association plan for channelling 50,000 idle young Canadians into useful activity has virtues which commend it to the attention of both the Government and the public even though a thorough study might prove it to be too expensive for adoption.

The extent to which the scheme is feasible within reasonable cost needs careful study. But the objectives sought are so important, and the methods proposed for attaining these objectives are sufficiently specific and practical as to warrant such study being made.

The project envisaged is the construction of 10 youth training centres across Canada. The training and housing facilities at each centre would accommodate up to 5,000 young men, who might otherwise be stagnating in idleness or drifting aimlessly in vagabondage. Training provided at the centres would be

(Continued on page 2, col. 3)

Dividend signing machines worked overtime right through the holiday season as December rolled up the largest payments to shareholders of Canadian companies ever made and raised the total for 1938 to a new record. The automatic cheque signer shown above is in the office of the National Trust Co., Toronto.

Great Lakes Again Holds Contract With Milwaukee

Government Agrees to New Contract But Tonnage Re-allocated to Other Mills — Negotiating Other Points in Dispute

The newsprint contract which brought to a head the differences between Great Lakes Paper Co. and the rest of the industry has finally come to rest with Great Lakes Paper which, however, must give up the tonnage to other mills for 1939 at least.

Hon. Peter Heenan, Minister of Lands and Forests for Ontario, and Hon. Earl Rowe, president of Great Lakes Paper Co., confirmed this to The Financial Post.

The contract is said to involve 20,000 tons of newsprint annually. This had been supplied to the Milwaukee Journal by Abitibi Power & Paper Co. The contract expired at the end of 1938 and was obtained by Great Lakes Paper Co. while the former president, C. H. Carlisle, was in charge.

As a result the Ontario Government served notice on Great Lakes requiring the company to conform with the prorating agreements of the newsprint industry, as first reported in The Financial Post of November 12. As Great Lakes was then running at a rate of capacity greater than the average for the industry, it was obvious that it could not both prorate and supply the 20,000 tons of newsprint to the Milwaukee Journal.

Europe Appears

The result was that the Milwaukee publisher opened negotiations with a potential supplier in Europe and received what was regarded as a favorable offer. Then Mr. Rowe, the new president of Great Lakes, arranged with the Ontario Government to accept the Milwaukee Journal contract but to re-allocate the tonnage to other Canadian producers, according to Hon. Peter Heenan.

The contract originally negotiated with the Milwaukee publisher was almost identical and ran to the same maturity as those already in effect between Great Lakes Paper Co. and its publisher customers. The Milwaukee publisher would share in any dividends to be paid on the class B preference shares of Great Lakes as would its other customers.

A New Eight-Year Contract

Now, as a result of various negotiations, a new contract has been completed for a period of eight years, beginning with 1939. Its terms, Mr. Rowe states, are just about the same as the previous contracts. The basis of division of any possible dividends on class B shares is the same. But for 1939, at least, this tonnage will be re-allocated to other Canadian producers of newsprint. After 1939, it will probably be the subject of further negotiations, depending on conditions in the industry.

Publishers having contracts with Great Lakes Paper Co. may benefit from any dividends to be paid on

(Continued on page 4, col. 2)

Asks Abolition Of Loss Leaders

Retail Merchants Seek Legislation—Voluntary Move Reported

Legislation to abolish "loss-leaders" in the grocery trade in Ontario is being sought by the Retail Merchants' Association of Canada. The Association has submitted its case to a committee of four Ontario cabinet ministers.

The Association's brief, presented by George S. Hougham, provincial executive secretary seeks minimum loss leader legislation which would prevent retailers from selling food products (except perishables) and soaps at less than 5% over the wholesale price to them.

In addition, amendment to the regulation under which the closing hours of food stores may be fixed by a municipality is being asked.

The Canadian Grocer reports that it understands there is an effort at the present time to get all retailers in Ontario, including large and small chains to subscribe immediately to a voluntary motion of the same kind, making the 5% basis an actuality before Legislature meets.

"The report is that many of the chains are interested providing others including the smaller ones will fall in line. Right now a number of well-known products are being sold at a good deal less than 5% over wholesale cost—canned milk, for instance, which some have been selling at 2% over actual cost or merely the cash discount," says Canadian Grocer.

"There nevertheless seems to be a definite tendency among the chains to eliminate the cut-throat competition.

United Steel Year is Good

Company Adds Two New Lines in 1938 and Opens Kirkland Lake Office

Operations of United Steel Corp. for 1938 have compared very favorably with those for 1937, according to company officials. This confirms earlier reports which indicated sales well up to last year.

The company is opening a new office at Kirkland Lake, Ont., at the first of 1939, placing one of the company's engineers in charge. The office opened in 1937 at Haileybury, Ont., is being retained.

This is taken as evidence of the growing importance of sales to mining companies in the business of United Steel. It is understood that sales of mining equipment showed a better than average gain in 1938.

During the year, United Steel has obtained sales and manufacturing rights for the Cummer asphalt making plant from F. D. Cummer Co., Cleveland, Ohio. F. D. Cummer Co. makes driers, mixers and other equipment used by contractors.

Another new line added by United Steel in 1938 was portable belt power conveyors. Rights for this line were obtained from Fairfield Engineering Co., Marion, Ohio.

Earnings Should Look Good

The good showing made by United Steel in 1938 follows on 1937 when demand for the company's products was stated by T. J. Dillon, president, to have gained approximately 50%. This resulted in a gain in earings so that net profits of $157,341 were equivalent to $5.78 a share on the class A preferred against $3.33 a share in 1936. The maintenance of sales volume on a basis comparing very favorably with that for 1937 should indicate that net for 1938 will not be far from last year's level.

Prospects for United Steel have been improved when its subsidiary, Standard Steel Construction, completed paying arrears on the latter company's preferred stock on Oct. 1. This opens the way for a dividend on Standard Steel common, over 95% of which is held by United Steel and on which no dividends have ever been paid. Thus there seem good prospects that United Steel will receive some return on this investment before long.

Maple Leaf Gardens, Ltd. Earnings Better for Year

When the annual statement of Maple Leaf Gardens, Toronto, for the year ended Oct. 31, 1938, appears, it will show materially better earnings than those of the preceding fiscal year. Preference dividends of $56,000 have been more than covered.

Attendance figures for the first eight hockey games of the present year have shown a decrease of approximately 10% over a similar number in the previous year.

Public Waste — No. 6

Overlapping Jurisdiction

One important area of public waste in Canada is the wasteful, unnecessary overlapping of jurisdiction between Dominion and provincial officials.

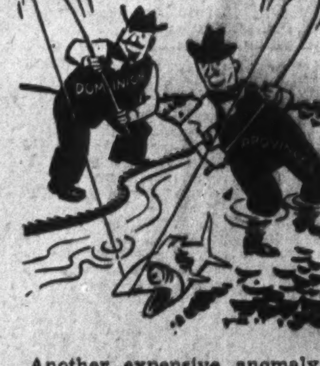
Take, for example, fisheries.

When a provincial deputy minister was asked to testify before the Rowell Commission some months ago he said:

"The law leaves it indefinite where our jurisdiction ends and where it begins. We own the fish and the water and the land under it and we can administer them. But the Federal Government must be consulted if we are to take the fish out of the water.

"As soon as the fish are out of the water, then the matter is entirely within our jurisdiction.

"It is difficult for game enforcement officers to understand these fine legal distinctions if they are to keep within the law."



Another expensive anomaly is what is known as the public right of fisheries.

This places the sea-fishing and tidal fishing in all waters surrounding the Dominion in Federal control. However, the land and the beach and presumably the land under the adjacent sea, belong to the province as a natural resource.

Consequently if a fish is floating or swimming in the water off the coast, it is a Federal creature, subject to Federal control. If it is a clam or oyster fastened to the land it is a subject for provincial administration. If the clam or oyster breaks from its moorings and floats in the water, it presumably becomes a Federal creature.

Taxes collected by public bodies now amount to $335 per year for every Canadian household. Much of this goes for wasteful, unnecessary duplication of the sort that could be eliminated by a little application of common sense.

C.N.R.'s Net Shows Drop $10 Millions

Income for 1938 Placed at $7 Millions by Hungerford

PROSPECTS BETTER

From Our Own Correspondent

MONTREAL. — Decline in Canadian National Railways gross revenue in 1938 was upwards of $15 millions. Drop in net revenue was between $10 millions and $11 millions as compared with 1937, according to a year-end review issued by S. J. Hungerford, chairman and president of the system.

Revenues were sufficient to pay all the operating expenses, and leave a balance of net revenue from railway operation of nearly $7 millions. This contrasts with a net in 1937 of $17,607,750.

Problem of Expenses

Operations of the system for 1938 were largely influenced by the necessity of curtailing expenses as far as possible in view of the falling revenues. Effort was also made to maintain the property and its equipment in condition to meet current and prospective transport requirements, and to provide for the movement of grain from the West.

The problem of reducing expenses in the face of declining traffic, said Mr. Hungerford, was made difficult by increases in the prices of fuel and other supplies, and restoration of wage rates to pre-depression levels.

These factors, together with the problem of creating a reserve of freight cars and locomotives with the expectation of a large crop improvement, limited the reduction in operating expenses. The increases in wage rates alone amounted to several million dollars. Notwithstanding these adverse factors, it proved possible to reduce operating expenses by approximately $4.5 millions from the 1937 level.

Buy New Equipment

New equipment was acquired by the system during the year. The C.N.R. brought 2,000 steel box cars; 10 air-conditioned buffet sleeping cars; 6 air-conditioned dining cars; 5 mail and express cars; 25 sand cars and 24 snow ploughs.

Revenues of the Canadian National (West Indies) Steamships continue to improve, says Mr. Hungerford, and were highest in the line's history. Canada's trade in the West Indies has increased steadily since the inauguration of this service by the Canadian National in 1925, particularly since the putting into service of the "Lady" liners in 1929.

Air Service Operative

Canadian air express and mail carrying services between Montreal-Vancouver and intermediate centres over the nationally owned Trans-Canada Air Lines, will be supplemented by carriage of passengers early in 1939. Operations will be extended eastward to Moncton, Saint John and Halifax when facilities have been made ready.

Canadian Car Extends Scope

To Build Military Aircraft in Mexican Plant

From Our Own Correspondent

MONTREAL. — Canadian Car & Foundry Co. will shortly begin production in Mexico of aircraft for the Mexican Government, according to an official announcement issued by L. A. Peto, vice-president and general manager of the company.

Earlier this year, negotiations were concluded between the Mexican Government and the company for the operation of a factory built some years ago by the Mexican Government. Financial arrangements have now been completed.

Details to Come

No definite decision has been reached yet as to what the output of the Mexican plant will be, or what type of plane will be constructed there. The new contract does not mean that Mexico would abandon plans to buy planes wholly manufactured in Canada.

It is understood that Canadian Car will manufacture in Mexico a complete aircraft with exception of motors and propellers. Initial production is likely to be confined to the manufacture of light planes for army air service—training ships and Grumman fighting planes.

Inter. Metal Ind. Reduces Arrears

Shareholders Approve Moving Head Office to Woodstock

International Metal Industries has declared an extra dividend of $4.25 a share on account of arrears on both classes of preference stock. This payment will be made along with the regular dividend of $1.50 a share on Feb. 1, 1939, to shareholders of record Jan. 16.

After the Feb. 1 payment, arrears on both the series A and the 6% preference will amount to $28 a share.

At a special meeting on Dec. 23, 1938, shareholders approved a change in the company's head office from Toronto to Woodstock, Ont.

Year-End Good Time To Take Stock

This week Canada closes its 1938 accounts. Next week the new 1939 ledgers will be opened.

Though the end of the calendar year is not the year end for most public bodies, it is, however, a good time for financial stocktaking. It is the time when most families, most business enterprises, are checking their personal or corporate accounts—a time to look quizzically at income and outgo.

Those of us who were overenthusiastic in our Christmas spending, for example, are probably busy trying to make our own accounts balance as 1939 approaches.

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On balance, Canadians did less business, had less money to spend in 1938 than in 1937. Yet 1938 public expenditures will probably reach a new high mark. And most governments went again heavily "in the red" although they collected more money than ever before from you and me by way of taxes, duties, fees, etc.

Had governments been just plain people, they would have run out of funds—have had to stop spending—long before this. Instead they just went a little more heavily into debt. They wrote some more I.O.U.'s on you and me as taxpayers. These debts now amount to over $7,300,000,000. In the national, provincial and municipal books of account they represent a mortgage of nearly $3,300 for each and every Canadian householder. This mortgage has risen 25% in the past eight years. Yet the income from which the interest and principal must be met is 25% less than in 1930.

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Many people have failed to notice how this debt pile has been steadily growing. One reason is that the cost of carrying it (per dollar) has been reduced by lower debt charges. Actually these lower interest rates should have meant lower taxes. Or the saving should have permitted some of these debts to be liquidated.

Instead, the saving has been used to maintain the cost of government at an inflated and exorbitant level—a level which cannot be indefinitely maintained without serious consequences.

Remember, too, that much of this debt has been carried along on a short-term basis. Over $1,400,000,000 of it (exclusive of municipal maturities and new money requirements) matures within the next five years. If interest rates rise, the cost of carrying this burden will rise sharply.

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Many people thought of this rising debt tide as a natural outcome of the depression. They felt it was all right for public bodies to spend money they hadn't got, during a depression, in order to keep the wheels running.

This overlooks the fact that the bottom of the depression was passed five years ago. Yet we are still adding to our debt—not decreasing it. Any argument about the wisdom of governments going into debt in bad times collapses if nothing is done to cut the debt in good times.

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Then there is the use to which this money has been put.

If Canada had used this new debt to create revenue-producing assets there would be less cause for concern. There are many ways it might have been spent to produce steady and increasing dividends—both human and material—in years to come. By and large this has not been done.

Take the federal figures for example.

In eight years the Dominion debt, as shown by a special article elsewhere in this issue, has risen $900 millions—about $400 for each Canadian householder. Of this total, more than $400 millions has gone for relief. Another $227 millions has gone to perpetuate waste and duplication in our national railway system. These items are in the main represented by no tangible assets. The money has been spent, but little if anything has been added to increase the earning power or productivity of the nation.

Instead, we have developed a large body of citizens who look to the state for aid. Many of them are less able to help themselves than they were eight years ago. We have also nurtured a fat, untouchable "sacred cow" called the Canadian Railway Problem.

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There can be no confidence in the permanence of the Canadian economy so long as governments keep writing I.O.U.'s and piling on debts without commensurate increase in assets or productive wealth. That such practices continue is due in large measure to failure of political leaders to take a stand in elimination of waste; to insist on sound policies in the conduct of public business.

It is not sufficient for political leaders to shrug their shoulders and say in effect:

> "Most governmental expenditures are 'sacred cows.' The Canadian people will not let us touch them. We are helpless in the face of constitutional tradition, political pressure, etc."

Scores of local communities where public finance is a very personal, community problem have learned (just as individuals learn) that this is not the solution. They have learned that the job of leadership, in public finance as in other areas of public life, is to **lead**, not merely to **follow** public opinion.

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Most of the homely, workaday rules of private and business accounting apply just as inexorably in public finance.

Most citizens and taxpayers know these rules.

If waste and inertia cloud them in the larger sphere of public finance, it is the job of political leaders to give direction and leadership to public opinion rather than permit the sort of drift that must eventually lead to national bankruptcy.

Forecast for 1939

Cautious but hopeful for 1939 are most Canadian business leaders. A moderate gain over 1938 is anticipated and much more if European war fears subside.

Business Scans 1939—p. 5, 11.

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Investment outlook much improved over year ago. Active market predicted for selected lines barring international troubles.

Investment Horizon Clearer—p. 8.

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Construction industry hopeful of fairly favorable year, with possible gain of 20% over 1938.

Outlook is Favorable—p. 13.

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Last year's bumper wheat crop for the world unlikely to be repeated. Absorption of present accumulation may prove easier than generally expected.

Better Prices—p. 15.

• • •

Life insurance generally faces a bright outlook. Investment of funds, however, remains a major problem.

Better Outlook for Insurance—p. 16.

Higher Casualty Rates—p. 16.

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Better earnings for pulp and paper industry in 1939 indicated by recent reduction of stocks and keener demand.

Three Million Tons Newsprint—p. 17.

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Higher base metal prices are widely expected for 1939 if business conditions continue to improve and Europe preserves a measure of quiet. The new year might answer the question, Will the price of gold increase? The mines stock market enters the new year in unusually good position to reflect improved conditions.

Better Mines Market—p. 9.

Higher Metal Prices—p. 9.

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Canadian banks prepared for more active business in 1939. Large liquid resources are available for trade and industry.

Banks Ready for Expansion—p. 16.

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Oil industry led all in gains during 1938 and producers confidently expect another new record in 1939.

The Week in Oils—p. 18.

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Bond markets finished the year in a display of technical strength, which they have shown throughout the greater part of 1938. Whether important influences now at work will alter the market's position in 1939 is discussed in

Bond Prospects for 1939—p. 5.

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Customs Law Modernization To be Radical

Basic Principles to be Modified — Ministers' Power Curbed

DRASTIC CHANGES

From Our Own Correspondent

OTTAWA. — Contemplated revision of Canada's Customs Act, to be presented to the coming session of Parliament, is believed to verge on the revolutionary in many respects.

What is, in effect, a new act has now taken shape after more than a year's work by a committee of Government officials. It has still to receive the blessing of cabinet and before that is given the legislation will probably be combed for political pros and cons.

The highlight of the picture is the old bone of contention, the wide discretionary powers which the present act gives to a Minister of National Revenue. During the regime of Mr. Bennett, Western Liberals seldom ceased their outcry that these provisions were being used to boost an already too-protective tariff. But when the present Government came into power the act remained as it was. Now it is rumored that the new Act may answer the western prayer for a greater curb on tariffs through more Parliamentary control.

Will Not Be Rushed

From the standpoint of general business this and other changes in the new act are likely to be so important that the Government has already intimated that it will not try to rush the legislation. After its introduction in the House the bill will probably be sent to committee where interested parties will be given a chance to state their cases. This, it is predicted, may mean a long and arduous session before the bill emerges again into the House. There has even been the suggestion that it might still be on the order paper when the House prorogues.

Under the present act the Minister of National Revenue is an absolute dictator over the duty which shall be paid on a wide list of Canadian imports. He is the final interpreter of that rather ambiguous phrase "fair market value" which appears

(Continued on page 2, col. 5)

Steel of Canada Cuts "Arrears"

Pays $2 Equalizing Dividend on Common — McMaster on Outlook

From Our Own Correspondent

MONTREAL. — The Steel Company of Canada has declared a dividend of $2 a share on the ordinary stock toward equalizing the dividends heretofore paid on ordinary preference shares. The special dividend is payable on Feb. 1 to shareholders of record at the close of business Jan. 7, 1939.

The amount by which the ordinary shares have received less dividends per share than the preference at this date, is $6, or $4, after payment of the $2 dividend currently declared.

Subject to confirmation by shareholders, the directors authorized the transference out of the profits of the year of $200,000 to supplement the reserve in support of the company's pension plan for employees.

Comments on Situation

Results for the current year, according to Ross H. McMaster, president, are materially below the figures of the previous year, but compare favorably with 1936. On that account the directors felt justified in continuing the equalization dividend at the same rate that has been paid for the previous years, notwithstanding the prospective need for additional capital in connection with the proposed continuous strip steel mill.

In connection with the latter development, Mr. McMaster stated that no definite conclusion has been reached in connection with the plan but, as a necessary preliminary, the board approved a revised draft of the by-laws of the company, one of which, namely that covering the powers of the board in respect to borrowings, will require to be amended in order to enable the issuance of bonds to the amount which will be necessary for the project.

$50,000 Surplus Expected for N.B.

Preparations Under Way for Legislature Opening at Fredericton

From Our Own Correspondent

FREDERICTON.—With both revenues and expenditures reported lower than estimated for the fiscal year ended Oct. 31 last, New Brunswick is expected in some quarters to show a surplus of more than $50,000 for that 12-month period. The surplus budgeted for was $17,002. Last year's surplus was $29,090.

Already preparations are being made for the opening of the 1939 session of the Legislature, which is likely to take place on February 16 or 23. A reminder of the procedure to be followed in introducing private bills has been gazetted.

If the province does report a surplus, it will be the second successive one in nine years. There were deficits in the other seven.

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Canada's Burden of Debt

Leadership to Solve Problem Lacking

—National Income Must be Increased

By NORMAN A. WHITE

Staff Writer, The Financial Post

Canadian taxpayers are burdened with a heavy load of deadweight debt.

The direct debt of the Dominion Government is equivalent to a mortgage of about $290 on the property and earnings of every man, woman and child in the Dominion.

The debt of the provinces and the municipalities constitutes on the average a mortgage of $265 on the property and earnings of their respective citizens, including children.

During the past eight years there has been an increase of $923 millions in the net direct debt of the Dominion, equivalent to about $83 per capita. In the same period the direct debt of the provinces and municipalities increased by about $850 millions, equivalent to $77 per capita.

Debt Burden Is Heavy

Can we afford this increase in debt?

What is the reason for the large increase?

These are questions which many Canadians are asking.

It is impossible to give a final answer to the first question at present. Only time will tell whether the present burden of debt is too heavy to be carried both in good and bad times. There are, however, many municipalities where the burden of debt has been too heavy, resulting in default. In at least three provinces the burden is also too heavy for the taxpayers.

One thing is certain. Canadians are not as well able to carry the present burden of debt as they were prior to the depression. In relation to the national income the debt burden is considerably heavier. During the past eight years debts of governmental bodies in Canada have increased by about 25%. Yet the national income is about 25% below what it was eight years ago.

Debt Charges Higher

The increase in the Dominion Government's debt has been achieved without an increase in debt charges because of its ability to finance and refund at lower rate of interest. In the case of the provinces and the municipalities, however, total debt charges are considerably higher.

The answer to whether we can afford the increase in debt will come in the future.

Most Canadians are familiar with the argument that governments have to spend large amounts and budget for deficits during a period of depression. However, such a theory of public finance pre-supposes that the debt accumulated during the depressions will be paid off during good times. If this is not done there will be a heavier burden of debt and a less strong credit position if and when another depression descends upon the country. In Canada, although the bottom of the depression was passed five years ago we are still adding to the debt rather than decreasing it.

Deficits and Relief Responsible

Deficits and relief costs have been largely responsible.

Relief, of course, has been the principal factor. During the past eight years more than $1,000 millions has been spent on unemployment relief in Canada. Of this amount, over $400 millions has been spent by the Dominion Government and the remainder by the provinces and municipalities. Well over half of the total has been spent on direct relief. Direct and agricultural relief account for about $800 millions and public works for about $200 millions.

Net Debt of The Dominion

As already mentioned the net direct debt of the Dominion has increased by over $900 millions in the past eight years. It is of interest to note the details of how this increase came about. Given below are comparative figures of the composition of net debt.

Composition of Net Debt
As at March 31

	▲1938 $000	1930 $000
Public Works:		
Canals	240,350	223,936
Railways	429,691	429,320
Bldgs., harbor & river improvements	286,507	223,889
Military property	12,050	12,035
Territorial accounts	9,896	9,895
Non-active Loans:		
Rail accounts (old)	*62,791	88,398
C.N.R. stock & loans	*287,326	614,452
C.N. Steamships	13,858	13,724
Relief loans to prov.	17,682	......
Miscellaneous	84,103	40,791
Consolidated fund	1,653,473	521,321
Net debt	3,097,727	2,177,764

▲Estimates contained in budget speech of June 16, 1938. Public accounts not yet available.

*Reductions due to C. N. R. Capital Revision in 1937. As a result railway loans of $329.9 millions added to Consolidated Fund in 1937-38.

As can be seen the increase has been largely in the Consolidated Fund. To this fund is added each year the excess of expenditure, exclusive of capital outlays, over revenue. Write-offs of other assets are also charged to the Consolidated Fund.

Results in Deadweight Debt

Of the increase of $900 millions in the net debt of the Dominion in the last eight years, deficits, inclusive of relief, have been responsible for about $770 millions. Relief, of course, has been the largest single factor, accounting for more than $400 millions. Next in line are Canadian National Railways losses, amounting to over $275 millions.

Thus, much of the increase since March 31, 1930, as is the case with much of the debt incurred prior to that time, is a deadweight burden. It is represented by no assets, earns nothing and adds nothing to the permanent welfare of the nation. It does not increase the national income. It impairs the national wealth. The principal factor in whether a debt will be a burden or not is the purpose for which it is incurred. There are sound grounds for embarking on an expenditure which will increase the comfort and the welfare of the people generally. Construction of works which will increase the national income are to be welcomed.

Increase the National Income

One main objective of governmental policy, in fact, should be to increase the national income. If the national income is increased the entire nation will benefit. In this regard, however, Canada has failed dismally. In fact, despite huge expenditures and a large increase in debt Canada is no better off than in 1929. The earning capacity of the nation is no greater.

Expenditures to provide the unemployed with food, clothing and shelter are necessary. But this should not be the sole purpose of such expenditures.

As far as the large relief expenditures of the last eight years are concerned they have had little other purpose than to provide people out of work with the necessities of life. They have done little to improve the welfare of the nation in future years. To some extent they have had the opposite effect. They have developed a large body of citizens who look to the State for aid. They are now less able to help themselves than they were eight years ago.

A Hit-and-Miss Policy

Canadians often refer to the Government's plans for meeting the unemployment situation. Actually, there have been no plans in the true sense of the word. Rather, the relief policy has been a hit-and-miss arrangement designed only to provide the needy with bare necessities.

Temporary measures of relief may have been expedient during the early years of the depression. However, developments should have shown the Government that what was needed was the adoption of a policy which would provide a basis for a real solution of the problem. A proper plan of public works early in the depression might have prevented the decline in business reaching such depths as it did in 1933.

Youth training projects should certainly have been developed much earlier than they were. Even now they should be expanded. One of the worst effects of the depression is the resultant lack of equipment on the part of younger men for making a living, and the loss of efficiency by older men who have been out of work.

How much better off Canada would be if the $800 millions spent on direct relief had been spent on necessary works or in developing the Dominion's large natural resources? If this had been done the number on relief would be much smaller, the people would have more money, goverments would get more in taxes and the position of the country generally would be healthier.

Leadership Lacking

Canada's failure to put at least part of its citizens to work must be put down to lack of leadership. Most of the blame for this failure must be placed at the door of the Dominion Government. It is true that under the B.N.A. Act unemployment and relief are properly the responsibility of the provinces and the municipalities. The Federal Government has only come into the field and assumed part of the cost of relief because it regarded the situation as a national emergency. At the same time, all thinking citizens will agree the Federal Government is the only one that can plan long-range national policies to alleviate unemployment. Furthermore, the provinces and municipalities have not the resources to finance a programme directed toward this end.

Another example of lack of leadership on the part of the federal authorities is, of course, the failure to tackle the railway problem. Railway deficits are costing the Canadian public around $45 millions annually. Yet, nothing is done about it.

Spent 30% of National Income

While there is much constructive work to be done an increase in expenditures over the present level is not desirable. In fact, it would be inviting trouble unless the national income can be increased so as to lighten the burden on the taxpayers.

The fact that governments are spending 30% of the national income may not in itself be a bad thing. It depends on the purpose for which the expenditure is being made. If the expenditure is for productive purposes then it will be adding to the national income. As for Canada, a large amount of governmental expenditure is not for productive purposes.

What then is needed in Canada?

It can be summed up very briefly. What is needed is reorientation of public spending. Waste and unproductive expenditures must be eliminated in so far as is possible. Lower expenditures and lower taxes are desirable but just as important an objective is an increase in the national income as a result of constructive expenditures by governments. In fact, a higher national income will mean a lessening in the burden of debt and taxation.

Because of the decline in the national income and increase in governmental expenditures Canadians generally have less with which to maintain their standard of living. The objective should be to give them more.

The Nation's Business

(Continued from page 1)

designed to fit the men for future activity in three main fields:

1. As skilled workers in the building trades, industrial plants, commercial occupations, and such specialized work as aircraft and munitions production.
2. As trained labor forces for programmes of national conservation and development, such as irrigation, forest protection and replacement, building military and national highways, developing natural resources, etc., both during and after the course of training.
3. As a physically fit reserve, with a basic experience of discipline, military work and modern army equipment, for the country's defense forces.

The plan is closely related to the building of Canada's national defenses both of trained manpower and equipment.

It is, in fact, proposed that the whole scheme be under the control of the Department of National Defense and dovetailed as far as practicable with the existing programme for expansion of Canada's militia system and armaments.

The plan would also be dovetailed if desirable with the present youth training programmes, operative in various provinces. It would differ from that scheme in that it would be on a permanent basis and would continue training over a period of several years.

• • •

LEADERSHIP and training of Canada's youth involves many considerations.

For example, much of the money now being spent is wasted and nonproductive. It maintains youth in idleness rather than giving them useful, productive work to restore and maintain their physique, morale and skill.

Proper leadership demands that such waste be eliminated and in its place be put constructive projects, perhaps of the type envisaged by the Canadian Corps.

But cost must be considered. Any scheme which undermines confidence, which leads to unconscionable taxation, deficit financing and a breakdown in the integrity of public and private obligations, defeats its own purpose. It defers rather than hastens the time when private industry and capital can themselves develop new enterprise and activity to absorb jobless youth.

Whether the Canadian Corps scheme is too grandiose to stand close scrutiny in its present form remains to be seen. At least it gives evidence of imagination and initiative in directing the attention of governments and citizens to the problem and a possible means for its solution.

• • •

Immigration Statement Needed from Ottawa

LAST week The British House of Commons approved a resolution urging the Government:

> ". . . to take every suitable opportunity for considering in concert with the Dominion governments, all arrangements that may be practicable now and in the future for promoting and encouraging the settlement in the Dominions of people in this country, and to indicate its readiness to co-operate fully in approved schemes."

This verbose restatement of obvious Empire policy followed a Commons debate on the grandiose settlement scheme of Sir Henry Page Croft. Sir Henry was in British Columbia a few months ago and since then has been getting periodic bursts of newspaper publicity for his £50 millions plan to bring tens of thousands of Britishers to the Pacific coast.

The Croft scheme has from the first been predicated on the lavish outpouring of government funds. Mr. MacDonald says he "has not rejected it or dismissed it" but is waiting to have it discussed by Canadian authorities.

• • •

LATEST reports from Ottawa suggest the Government is rightly lukewarm toward this Croft dreamplan which has been in the air now since last August. It looks at this distance to be a fantastic mass-movement plan which has little practical merit to commend it.

Yet Ottawa has so far evaded responsibility for scotching it, even though Malcolm MacDonald told the House that until the Canadian Government had indicated its willingness to co-operate nothing could be done in London because the British Government was committed by legislation to keep its contribution to the cost of migration plans to one half.

Also hanging fire is the question of Canadian Government policy in respect of Czech refugees. This matter was discussed in this column last week. Some definite, rapid leadership is apparently required from Ottawa if trained farmers and small artisans are to be given the opportunity of coming to this country on acceptable terms. In bringing in Czech refugees, the cost to Canada would be small as Czecho-Slovakia will pay transportation charges, and perhaps part of the settlement costs, out of its loan from Britain.

A statement of immigration policy in respect of these two matters should be made at the earliest possible moment by Ottawa.

Ontario Hydro to Spend $937,000 on Power Line

Construction of a 113-mile hydro line to feed additional power to gold mines in the Pickle Lake section will be commenced by the Ontario Hydro-Electric Power Commission at a cost of $937,000. This will include extra expenses incidental to the project, such as stepping up the power at strategic points.

The project has been approved by an order-in-council of the Ontario Government.

Some portion of the labor costs will be absorbed by the Dominion Government. Up to 500 men will be used in cutting the right-of-way.

Constructed to operate at 68,000 volts, the line will have sufficient voltage capacity to supply 4,000 h.p. to the district in which Central Patricia and Pickle Crow mines are situated. There is a two-unit plant at Rat Rapids of the Albany River with a maximum capacity of 2,700 horsepower.

Nova-Kelp Offers Class B Shares at $5 a Share

Nova-Kelp Ltd. has announced an offering of 10,000 class B common shares at $5 a share. Net proceeds from the stock issue are estimated at $40,000, which would be expended $25,000 for additional working capital and $15,000 for publicity expenses.

Nova-Kelp Ltd. is a Delaware corporation, incorporated Nov. 12, 1938, to acquire the manufacturing and distributing business of the Nova-Kelp Co. Ltd. (Ontario). The company claims to have developed a process for preparing "kelp," a form of edible sea weed. It is stated that gross sales for the first year were $35,022. Net profit in the first year was $3,137. No balance sheet is included in the prospectus.

Authorized capitalization of company is stated to be 150,000 class A common shares of $5 par value and 50,000 class B common shares of same par value. Of this, 65,500 class A shares are issued and held in escrow subject to release by the Ontario Securities Commission. Class A and B shares have equal voting rights but no dividend shall be paid on the class A shares until 25 cents a share has been paid on the class B in any year.

Dosco Operations Level Unchanged

MONTREAL.—Pig iron output at Dominion Steel & Coal's mill in Sydney during November totalled 15,000 tons, or roughly the same as in October. Since last May, production has been under 20,000 tons a month, whereas in 1937 output averaged 25,000 tons monthly.

The Sydney mills produced during the first 11 months of 1938 223,000 tons of pig iron, as against 29[illegible],000 tons for the like period in 1937.

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Customs Law Modernization

(Continued from page 1)

again and again through the 300-odd clauses.

Power of Minister

Rates of duty are carefully laid down in the Canadian tariff schedules and present a general picture of high, low or medium tariff, reflecting the complexion of the government of today. But the value of the goods on which this duty is to be paid rests, in a large number of cases, with the minister and his department officials and from the minister's ruling there is no appeal. So, it is contended, the action of this one minister can upset the whole picture without involving even the other members of the cabinet.

There are several sections which delegate these discretionary powers but the most important is section 41, dealing with goods imported under circumstances and conditions which render it difficult to determine value. The clause specifies these conditions under five headings which include goods which have no market in the country of origin and goods imported under "unusual conditions." But the scope is broadened by a subsection which declares that the minister shall also be the sole judge of the existence of these circumstances.

Drastic Change

This one clause, it is believed, could be made applicable to the largest percentage of Canada's import trade. It is being drastically altered, it is reported, in the draft legislation and presumably with a view to curtailing these dictatorial powers. It is not yet known whether they will be curtailed by narrowing the scope, transferring them to bodies like the tariff board, or allowing appeals from the minister to the tariff board or exchequer court.

Behind the whole question lies the principle laid down 40 years ago which bases dutiable values on "fair market value in the country of origin." In Great Britain these dutiable values are determined on the C. I. F. principle, that is, cost, plus insurance and freight to the port of import.

If Canada were ready to pass a model customs act some such simplified system, it is contended, might be used to remedy the complications of the present system. It is unlikely, however, that any attempt will be made to break down in a day the traditions of 40 years.

Ambiguities to Go

In other instances, where appeals from departmental decisions are allowed to the tariff board or exchequer court, the act is ambiguous. Often it is stipulated that the decisions of the court of board become final "when signed by the minister." In other words the minister again seems to have the final say. He can accept the court decision, thus reversing a ruling which is, in effect, his own; or he can ignore the appeal entirely. These ambiguities are almost certain to be removed by the coming legislation.

An attempt will be made, it is understood, to simplify the sections dealing with dumping duties, though the principle behind these duties and their imposition by order-in-council are likely to remain unchanged.

Changes may also be made in the clauses dealing with limitation of discounts to the importer and again an attempt will be made to iron out ambiguity. These clauses have often proved a thorn in the flesh of business concerns.

In a general way the act, as it emerges from the hands of the experts, is likely to abridge drastically the lengthy wordage which has served only to complicate further an already intricate picture. No real revision has been made since the legislation was first put on the statute books and a good many of the clauses have become obsolete. They will be either removed or modernized to meet present conditions.

Bagotville, Que.—Sums have been deposited by the town at the Bank Canadienne Nationale, Bagotville, to meet payment on the following coupons: July 1, August 1, Sept. 1 and Oct. 15, 1933, on bonds matured July 1, Aug. 1 and Oct. 15, 1932, and March 1, 1933. Non-registered holders of past due bonds are asked to transmit their securities to J. E. Tremblay, Bagotville, Co., Chicoutimi, Quebec.

London, Ont. — A reduction of $416,740 in net debenture debts has been effected this year, reducing the debt to $7.9 millions. Debentures fully paid off during the current year amounted to $536,892, while $120,152 was added. Gross debenture debts totalled $10.5 millions but with a sinking fund account of $2.6 millions the new amount outstanding is reduced to less than $8 millions.

C.P.R. Raps C.N.R. Plans For Terminal

Beatty Suggests Windsor Station as a Union Terminal

From Our Own Correspondent

MONTREAL.—Canadian National Railways' plan for a new terminal in Montreal has elicited objection from Sir Edward Beatty, president of the Canadian Pacific Railway. He suggests it would be more economical to enlarge the C. P. R.'s Windsor station into a union terminal. His statement follows:

"If normal conditions of competition prevailed in the Canadian railway field, I would be content to say as I did in 1929:

"'No one can reasonably question the right of the Canadian National Railways to improve its terminal facilities in Montreal and in consequence the only problem which arises is whether the plan proposed is the best for both the railway and the public.'

"But the situation has materially changed since 1929. The effect of the depression which began in that year is still being felt by every citizen of the country, and naturally anything which seems likely to add to the tax-burden becomes of paramount importance.

"While I am not disposed to make any detailed criticism of the present plan I think it a great pity that before the expenditure of a large sum of the taxpayers' money was decided on, further investigation was not made of the possibility of using the well-located Canadian Pacific terminals, for the traffic of both companies.

C. P. R. Station Nucleus

"It is our opinion, supported by reports from eminent independent engineers, that the passenger terminal necessities of Montreal could be served more economically by a modest extension and modification of the existing Canadian Pacific facilities, than by the development of a new terminal on Dorchester Street, the ultimate cost of which is bound to exceed the sum now suggested.

"Sir Frederick Palmer in his report of Jan. 31, 1929, estimated that to connect the Canadian Pacific line to the proposed Canadian National terminal would cost $18,000,000. It is obvious that such an arrangement is economically unthinkable, involving as it would the abandonment of Windsor station. On the other hand, officers of the two companies surveyed the situation in 1933, and it was agreed that the present facilities of the Canadian Pacific from Montreal West to Windsor street inclusive, could be made adequate to handle the combined maximum peak business of the past of both the Canadian National and Canadian Pacific and all tenant lines, based on Bonaventure and Windsor stations by a capital expediture of $6,000,000, plus the cost of any necessary grade elimination at Westminster and Elmhurst Avenues.

"The danger in the present proposal, to my mind, is that if the original scheme is proceeded with by installments, Montreal will be deprived for all time of the hope of a union terminal.

"Since 1933, a pooling arrangement has been entered into affecting many of the services in and out of Montreal, and the two companies are now considering a nation-wide extension of that principle. Pooling can only provide the economies expected of it by the use of union stations and common terminals, and the construction of another terminal, at Montreal is a move in the wrong direction.

"The Canadian Pacific is prepared as I stated in 1929 and again in 1931 and 1932, to have an independent board of engineers pass on the passenger terminal requirements of Montreal, and to devise a plan which will provide for those requirements with a minimum strain on the purse of the railway companies and on the purse of the sadly overburdened taxpayer of Canada.

National Steel Car Changes Approved

Shareholders of National Steel Car on Dec. 28 approved proposals for an increase in authorized capital from 130,000 shares to 250,000 shares. Rights are to be offered shareholders of record Jan. 3, 1939, permitting them to buy 3½ new shares for each 10 shares held at $35 a share. This will require 45,500 shares if all rights are exercised.

Detroit & Canada Tunnel Income for Year Down

Report of Detroit & Canada Tunnel Corp. and its subsidiaries for the year ended Oct. 31, 1938, shows net income of $53,419, as compared with $90,784 in the previous year.

Gross revenues for 1938 were $814,066, as against $823,902 in 1937. Total cross-river traffic for the year was approximately 9.5% less than for the previous year.

Bond Tenders

12 noon, Dec. 28, Bowmanville—$16,000, 3%, dated Jan. 1, 1939, due 1940 to 1945. A. J. Lyle, treas.

8 p.m., Jan. 9, Granby, P.Q.—$30,000, 3½%, dated Dec. 1, 1938, redeemable serially in 20 years. Arthur Montfils, sec.-treas.

12 noon, Dec. 27, Village of Richelieu, P.Q.—$67,000, 4%, dated Nov. 1, 1938, payable by series to Nov. 1, 1963. J. E. Barre, sec.-treas.

5 p.m., Jan. 4, Grand'Mere, P.Q.—$15,500, 4%, dated Dec. 2, 1938, maturing in series from Dec. 2, 1939 to Dec. 2, 1968. Leo Gervais, sec.-treas.

Public Utility Earnings

Winnipeg Electric Co.
November

	1938 $	1937 $
Gross income	592,120	582,453
Oper. expenses	330,058	330,423
Net earnings	262,062	252,030
11 Months to November		
Gross income	5,956,890	6,108,343
Oper. expenses	3,505,880	3,613,191
Net earnings	2,451,010	2,495,152

Brazilian Traction

November:	1938 $	1937 $	Increase $
Gross earn.	3,223,784	3,085,881	137,903
Oper. exps.	1,491,547	1,426,047	65,500
Net earn.	1,732,237	1,659,834	72,403
Eleven Months:			
Gross earn.	34,811,340	35,478,921	*667,581
Net earn.	18,573,100	19,568,351	*995,251

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Newsprint Heads Cautious For 1939

From Our Own Correspondent

MONTREAL.—Leaders in most lines of industrial activity come forward about this time of the year and give their views on the outlook for the coming 12 months, but those in the newsprint industry are hesitant about advancing any forecast as to possible trends..

"Present uncertainties" and "national and international complications" are some of the expressions used to explain an unwillingness to hazard an opinion on the probable trend of newsprint business in 1939.

Nfld. Commissioners Reappointed for a Year

Two Newfoundland representatives on the Commission of Government of Newfoundland have been reappointed for another year. These are Hon. J. A. Winters, commissioner for Home Affairs and Education and Hon. J. C. Puddester, commissioner for Public Health and Welfare.

Gypsum Output Down

Canadian production of gypsum showed a 15% drop in tonnage in October, reducing the cumulative total for the first 10 months by 5% under the same period of 1937. October output was 96,161 tons, compared with 114,439 in the same month in 1937. Volume for the first 10 months was 834,391 tons, compared with 880,725 tons in 1937.

Frank Family Discussion

Your estate plans are of intimate concern to each member of your family. They should be discussed frankly and openly. Such a discussion may indicate the desirability of naming an institution like ours as your executor, or of leaving funds in trust rather than as outright bequests. We will gladly supply any desired information about our services.

Crown Trust Company

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393 St. James Street

TORONTO
80 King Street West

—From an old print

First Wheat for Britain

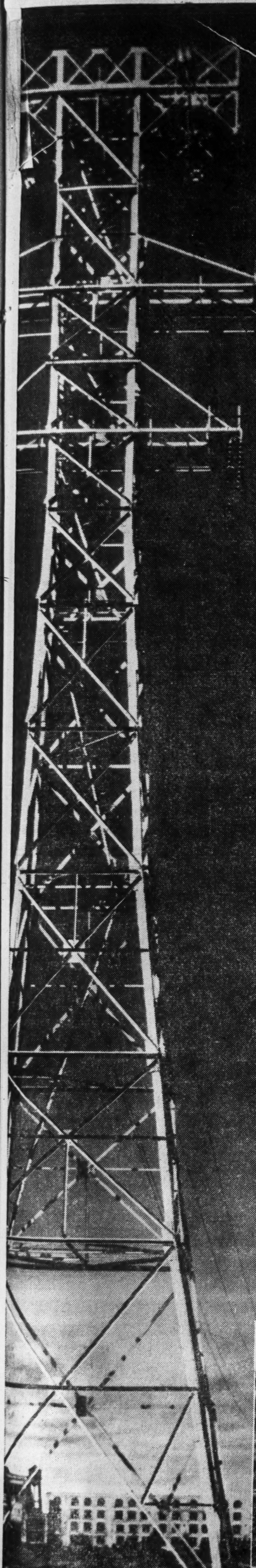
The first shipment of wheat from Western Canada direct to Great Britain was made in 1877 by Red River steamer from Winnipeg to St. Paul and thence by rail to seaboard. It was an event that helped to shape an Empire! *

Thirty years earlier, in 1847, the Canada Life had issued its first policy. It was then, and continued to be for almost twenty years the only Canadian life insurance company.

With the same enterprise so apparent in pioneer days, the Canada Life continues to safeguard the future of its policyholders and their dependents. Each week an average of approximately five hundred thousand dollars is distributed to those it serves.

The Canada Life
Canada's Oldest Life Assurance Company
Head Office - Toronto

* A booklet containing 18 of these historical sketches will be mailed to you on request. It entails absolutely no cost or obligation. Just address a card or letter to The Canada Life Assurance Company, Toronto.



ONTARIO HYDRO

—"a good neighbor"

How Hydro has brought to the people of Ontario the industrial leadership of the Dominion and Canada's highest living standard... The Servant Every Family Can Afford... The Farmer's Cheapest "Hired Hand"... A public service institution in which every customer is also a part owner.

PERHAPS you don't smoke. But when you consider what one cigarette's worth of electricity will do for Mr. and Mrs. Ontario, you begin to see why they look on Hydro as a "good neighbor."

One cent—the price of a four-minute smoke—buys enough electricity at the average Hydro rate to run Mrs. Ontario's big electric vacuum cleaner nearly four hours.

It operates the family's eight-tube radio for more than eight hours.

It keeps their electric refrigerator on the job for a full 24-hour day.

And one cent's worth of Hydro power goes a long way at the breakfast table—toasting 56 slices of bread, medium-boiling 56 eggs, and percolating 40 cups of coffee.

The Servant Every Family Can Afford

This little story about the cigarette and electricity is told, not to startle or amaze you, but simply to illustrate how tenaciously the Hydro Electric Power Commission of Ontario has clung to the primary objective laid down by the father of the system, the late and revered Sir Adam Beck.

That objective was the conservation of Ontario's magnificent natural water powers for the best interests of the people—and the distribution of power "at cost" to town and farm and hamlet alike, throughout the Province.

Today, Hydro power lines reach out over trackless wildernesses to serve outpost settlements far beyond the main travelled routes. And the average Hydro rate to urban and rural consumers ranks with the lowest in the world.

The Commission supplies power to 26 cities, 100 towns, 129 villages, 148 police villages, 374 townships, and 14 township voted areas served as municipalities. It gives service to 585,000 urban consumers and 92,000 rural consumers, approximating a population served of 2,600,000.

Thus, the daily lives of more than two-thirds of the Province's population are made more comfortable and enjoyable through the electrical standard of living. Hydro is literally "the servant every family can afford."

Hydro Has Made Ontario the Banner Industrial Province

Wide distribution of power to household consumers, at low rates, is far from being the only benefit Hydro has brought to the people of Ontario. Power is the lifeblood of industry; and Ontario's ample supply of cheap electrical energy has played a role of incalculable importance in attracting mills and plants and factories within her borders.

Evidence of this is seen in the fact that 66% of all United States branch plants in Canada today are located inside this Province. Many outstanding British industries have similarly set up their Canadian manufacturing headquarters here.

When you consider the thousands upon thousands of jobs created for Ontario workers by this friendly industrial invasion, you can see that Hydro helps directly to fill the pay envelopes of a vast army of citizens entirely outside its own organization. "Power at cost" has been the spearhead in the drive to the growing industrial leadership which Ontario —with 44% of the nation's buying power and 50% of Canada's industrial production—enjoys today.

Hydro the Mainspring of Mining Progress

Reference to Hydro's effect in accelerating industrial growth and employment would be incomplete without mention of the great benefits it has conferred on the mining industry. This industry, the fastest-growing in Canada today, and largely concentrated in the northland of Ontario, depends on power for its very life.

Electrical energy is needed to light the mines, power the mills and supply the smelters which are daily creating new wealth and new work for Ontario citizens. To provide it, the Commission operates a chain of generating stations throughout the rich mineral "treasure belt" of the Province—making available 318,000 h.p. to a total of 79 mining properties. These mining communities mean a great deal to Ontario, apart from the wealth they harvest from the earth. They buy a large share of the farmer's cattle, milk, eggs and produce —purchase millions of feet of lumber—add to the earnings of the textile worker, the machinist, the railwayman, the rubber worker —and increase in some measure the earning power and security of every family in the Province.

A Good "Boss", as Well as a Good Neighbor

A "good neighbor" to the people of Ontario, Hydro is also a good employer, numbering thousands upon its payrolls. To its engineers, station crews, linesmen and office workers throughout the Province, the Commission pays wages and salaries of $8,000,000 to $9,000,000 every year. In addition to its own employees, Hydro indirectly gives work to many other thousands in the service of separate municipal electric utilities.

As a public enterprise, Hydro sets a good example to all industry in its employee-relations. Fair wage scales are rigidly adhered to. The employee has all reasonable security in his or her job. Throughout the generating and distributing system, the most modern safety devices and regulations are maintained. Working conditions are ideal, comparable to the best obtained in industry generally.

Moreover, permanent Hydro workers are given every reasonable sense of security through the medium of the Commission's adequate pension and insurance plan.

Canada's Third Greatest Enterprise

Considering the huge annual wage bill noted above, it is apparent that Hydro ranks as "big business." But a fuller appreciation of the vital importance Hydro rates as an industry may be gained from the fact that it is Canada's third largest enterprise—outranked only by the two great railway systems.

Present physical assets of the Commission—exclusive of any assets of separate municipal electric utilities — amount to $314,000,000. What that represents is simply the investment made by the people of Ontario in a business which they themselves own, and which has paid out and will continue to pay out dividends of inestimable value.

The Commission operates a total of 48 generating stations, strategically located through the Province. From these radiate 8,000 miles of transmission lines. 1,525,000 horsepower is developed in Hydro's own plants, and on top of this the Commission has a purchase power of 620,000 additional horsepower. The total energy available for all purposes is 2,145,000 h.p. — giving an adequate reserve over present requirements.

All Our Good Neighbors Are Our Shareholders

Vast an enterprise as it is, mere size is not a vital part of the Hydro story, except as it gives some idea of the service Hydro performs. What makes Hydro so vitally different from other enterprises anywhere near its size is the fact that Hydro is owned by the public it serves. In being a "good neighbor" to all who live and work within this Province, it is serving no other interest but that of its shareholders themselves—all the people of Ontario, each one a part owner, in the truest sense, of the whole Hydro system.

The Key to Understanding Hydro

To grasp the fact that Hydro is operated by the people, for the people, is to understand the secret of Hydro's success in achieving its primary objectives.

By banding together to develop the water powers of their Province, the citizens of Ontario have lifted themselves by their own bootstraps to better living standards—industrial leadership in the Dominion—and the enjoyment of Canada's highest per capita income.

They have not only built up one of the world's outstanding hydro-electric developments, but they have made sure of an ample supply of power, cheaply generated and distributed, for the future.

Through Hydro's basic "at cost" policy and successive rate reductions made possible by wise expansion and efficient operation, they enjoy today a rate for electrical service much below the average for North America.

If ever there was an example of good citizenship in business, it is strikingly apparent in the Ontario Hydro.

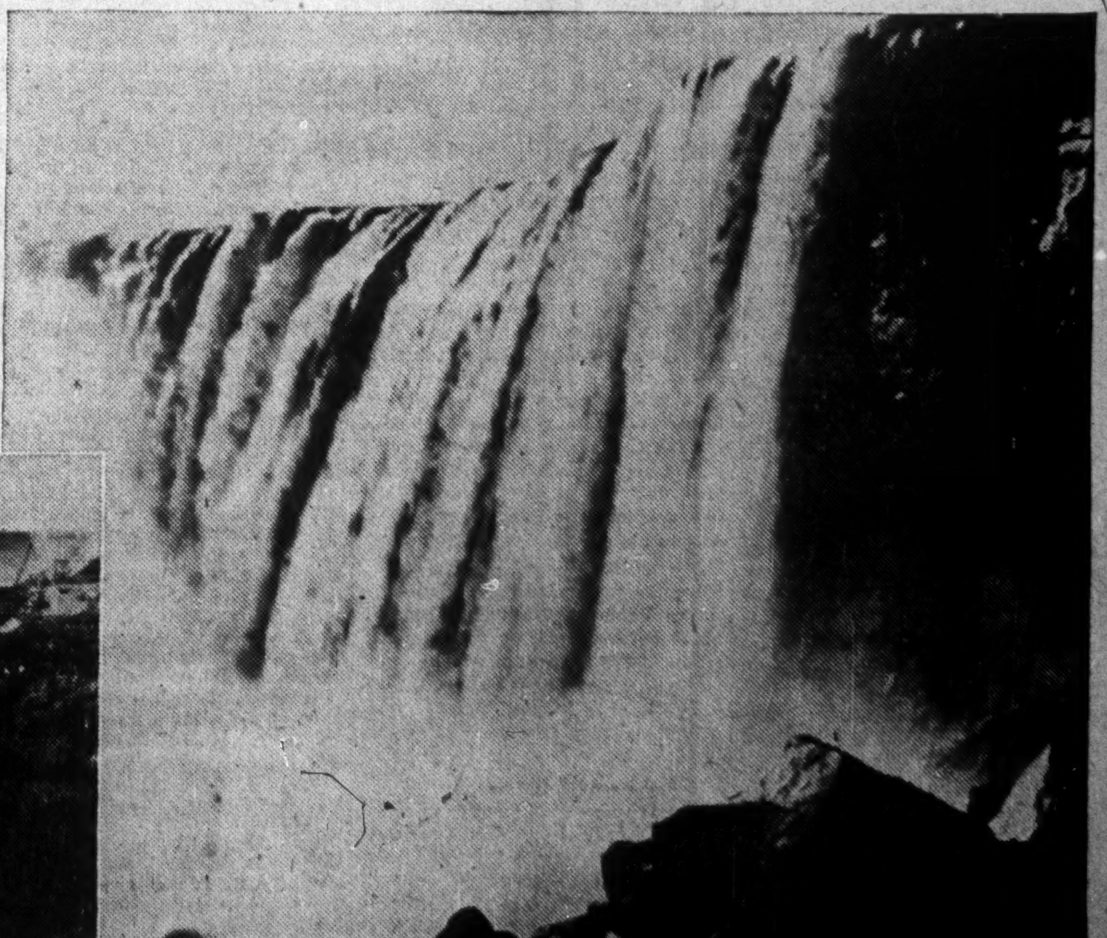
It is the "good neighbor" of the householder, the farmer, the miner, the industrial worker, and the investor. It is an enterprise which holds the interests of all classes of consumers paramount, and whose policy is to provide for the people of Ontario the highest type of economical service.

The citizens of the Province should be proud of their electrical utility, and show this pride by generous use of the services Hydro offers.

No. 5 in a series of studies in corporate citizenship appearing in The Financial Post through the co-operation of leading Canadian business institutions.

The great Queenston-Chippewa Plant is one of the outstanding hydro-electric developments in the entire world. It is the largest of the Commission's 48 generating stations, which, combined, develop 1,525,000 h.p. of electrical energy.

Located on the Abitibi River, the Hydro's Abitibi Canyon Plant plays a leading role in supplying Ontario's rich mining areas. Hydro serves a total of 79 mining properties in the Province's mineral "treasure belt."



Niagara Falls, one of nature's mightiest spectacles, is symbolic of Ontario's leadership in the hydro-electric field. The power of the Falls drives the giant turbines in Hydro's Queenston-Chippewa Plant.

8,000 miles of Hydro-Electric Power Commission transmission lines radiate north, south, east and west throughout the Province of Ontario—carrying the power of "white coal" to city, town and hamlet everywhere.

Investment Trends

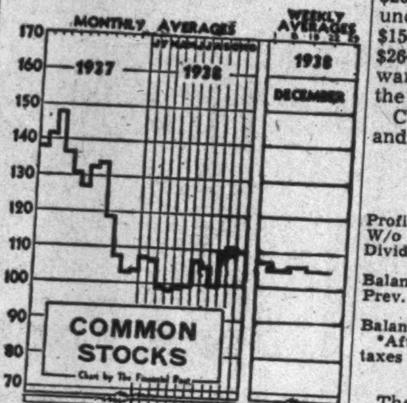
Dec. Dividends Give New Cash for Investment

Market Shows Firmness But Apparent Uncertainties Seem to Discourage Investors—British Investors Explain Position

In the midst of the Christmas and new year holiday season, stock markets have shown firmness. The past week saw slow gains in stock prices take the averages to levels slightly above those for the previous week. There was little evidence of any sustained activity, however, interrupted as trading was by holidays.

December should bring a lot of new money into the hands of investors. The month's dividend and interest payments together aggregate about $113 millions. Much of this huge sum should be available for re-investment, given a favorable opportunity. It constitutes a backlog of new cash that should aid in giving an impetus to markets.

There still does not seem to be evident any great impulse on the part of investors to be stampeded into buying stocks. The indecisive character of market movements in recent weeks has been discouraging. It gives rise to some doubts as to whether or not current levels will be able to hold and to the feeling that lower prices may prevail before many more weeks. This does not necessarily mean a doubt as to the longer-term uptrend of the market. It merely suggests that more favorable chances to buy stocks might appear before long.



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A British View

We have heard from time to time suggestions that British investors did not think they were getting a square deal from many of their Canadian holdings. The Financial Post has published occasionally complaints from British sources on some phases of reorganization plans which Canadian interests had proposed for rehabilitating Canadian companies.

An extract from a letter received in Toronto from representatives of British capital aggregating £50 millions and important holders of Canadian securities, should point the way to improved relations:

"Like so many suggestions from your side (which is not your fault) the details reached us too late to make any proposals for amendment. We have accordingly had to vote against. If people on your side, when they are contemplating reconstructions, would only get in touch with us on this side in time for us to offer our criticisms, this continual question of getting a raw deal when we are dealing with Canadian investments would be substantially reduced. I hate to be always criticizing Canadian finance, but as the local people interested will not stand up to the issuing houses and others who very often have an axe to grind, I am afraid I have got to continue to do so until we feel that priorities are properly safeguarded."

* * *

Priorities

This letter brings into the light two features of many Canadian proposals for reorganizations that have met with criticism. The matter of dealing with prior rights, whether in the way of preferred stocks or bonds and debentures, has been discussed in The Financial Post from time to time. Let it suffice this time to say that the best safeguard must come from the holders of these prior securities themselves. When they feel that the deal offered them is unfair, let them say so in a way that must reach the proposers of the deal. Let them also strengthen their criticism of what is offered to them by constructive suggestions of their own. The attitude of the martyr who suffers in silence is singularly ineffective.

* * *

More Time

Then there is the matter of lack of sufficient notice for British investors to adequately study reorganization plans. It is understood that in the particular instance which resulted in the letter from which the above quotation is taken, those developing the reorganization plan did make a study of shareholder lists. When it was found that almost 100% of shareholders resided in Canada, it was considered that only a comparatively short notice need be given shareholders to consider the proposed changes. But there happened to be substantial holdings in the name of a Canadian bank that were actually owned by British interests. The notice of the changes was sent to shareholders dated Nov. 28 and the special meeting called for Dec. 12, allowing a 14-day interval. This is the minimum required by the Dominion Companies Act.

As a study of shareholders' lists has proved unsatisfactory in at least one instance, Canadians making proposals for capital changes would be well advised to allow more than the minimum period of 14 days when there is the slightest chance of complaint from shareholders.

Canada is doing something to attract British capital to aid in the development of this country. Yet here we have the representatives of £50 millions with a legitimate complaint that could so easily be avoided.

* * *

New Basis For Listing

Somewhat tentative but important are the plans being considered by the New York Stock Exchange to broaden the group of companies to which the Exchange offers trading facilities. Apparently it is the intention to place less emphasis on the actual size of a company than on the fact that the company seeking listing for its stock is sound and that there is a national interest in its securities.

Apparently there are two major considerations being worked on by the Exchange committees in their new listing requirements. In the first place they are planning to make it less expensive through a reduction in fees. Another phase is to make it compulsory for companies whose stocks are traded in unlisted markets in New York to make public as much information as is required from stock exchange companies.

Great Lakes Holds Contract

(Continued from page 1)

class B shares. These shares are not held by the publishers themselves but are deposited in a trust agreement with the London & Western Trusts Co. As set out in the company's charter, obtained under Ontario laws, April 3, 1936, both the A and B preference shares are entitled to a fixed comulative dividend of $2 a share accruing from Oct. 1, 1935, and share equally with the common in any further distribution.

No Dividends Paid Yet

The trustee receives any dividends that might be paid—none has been paid so far — and distributes them pro rata to publisher customers. The basis for 1936 and later years is $2.22 a ton, based on annual net tonnage of 90,000 tons. Adjustment would be made for any amount that the net tonnage is greater than 90,000 or less than 67,500 tons so that at no time will the amount disbursed exceed the $200,000 annually accruing on the class B shares. It is also provided that no dividends can be paid, so long as any class B shares are outstanding, when price of newsprint is less than $45.30 a ton or which would in effect reduce the price of new print below $45.30 a ton.

It is such a contract that has been negotiated with the publisher of the Milwaukee Journal.

Statements Questioned

Last week Mr. Rowe issued a statement to The Financial Post to the effect that "an amicable arrangement has been arrived at between the newsprint industry and Great Lakes Paper Co." He went on to say that "certain misunderstandings have been clarified and a basis of closer co-operation re-established. While the company's unique position with reference to contractual obligations has been considered, a slight reduction in tonnage has been agreed to by the company in order to render justice to the claims of all concerned."

This statement brought forth a reply from Charles Vining, president of the Newsprint Association of Canada, who said that:

"So far as Mr. Rowe's reported statement refers to any arrangement between himself and provincial governments I have nothing to say, but I wish to emphasize as strongly as possible that no agreement of any kind has been made between the Great Lakes Company and the newsprint industry. While Mr. Rowe's amicable attitude is fully appreciated his reported statement must not be taken as expressing the views of representatives of the industry."

Still Negotiating

Just what has actually happened is still a bit of a mystery. Mr. Heenan and Great Lakes officials admit that details of the various deals are not completely carried out as yet. Mr. Rowe emphasizes that his statement was intended to make clear his intention to co-operate with the rest of the industry and the provincial authorities so far as was in his power.

The matter of the so-called "over-shipments" of newsprint by Great Lakes Paper in the first 11 months of 1938 is said to be settled. The amount of these "over-shipments" is now stated to have been 8,000 tons and it is known that the final settlement was relatively favorable to Great Lakes.

Other matters are still under negotiations and Great Lakes officials are reluctant to add anything to statements already given out on the grounds that conditions are "still in a state of flux." It is indicated, however, that favorable progress is being made.

Great Lakes will continue to hold its present timber limits, according to Hon. Peter Heenan, but nothing has yet been done to consolidate these limits by order-in-council as desired by Great Lakes.

Bk. of Toronto Profits Higher

Equal $19.39 Per Share—Assets, Loans and Deposits Also Up

Increased assets, higher deposits and loans and an improvement in profits are features of the 83rd annual statement of the Bank of Toronto covering the year ended Nov. 30, 1938.

Including recoveries and after providing for staff pension fund, Dominion and provincial taxes and bad and doubtful debts, profits were $1,163,716 compared with $1,156,372 in the previous year and equal to $19.39 per share compared with $19.27 the previous year and $19.03 in 1936. These figures are almost double the dividend requirements of $10 per share which is really a distribution of 3.52% on the shareholders' funds.

The amount written off bank premises was the same as a year ago at $200,000. Dividends at $600,000 were unchanged. Staff pension fund took $150,000 and provision for taxes was $264,710. The balance carried forward was $363,716 against $356,372 the year before.

Comparative statement of profit and loss follows:

Profit and Loss Statement
Years Ended Nov. 30

	1937 $	1938 $
Profits*	1,156,372	1,163,716
W/o bank prem.	200,000	200,000
Dividends	600,000	600,000
Balance	356,372	363,716
Prev. P. & L. balance	1,285,375	1,641,748
Balance forward	1,641,747	2,005,464

*After providing for staff pension fund, taxes and bad and doubtful debts.

Position Strong

The position of the bank remains strong with total assets gaining $8 millions to $148.6 millions, while liquid assets at $96.5 millions were 73.42% of all liabilities to the public, very little changed from the 75.76% reported last year. Of the liquid assets $29.8 millions is represented by cash, bank balances and cheques of other banks compared with $27 millions under this head a year ago. Investments in long term Dominion and provincial securities are higher while investments in short-term issues are lower.

Commercial loans at $40.1 millions are approximately $3.4 millions above the level of last year, while loans to municipalities and school districts at $6.5 millions are up $1.8 million. Total loans and advances at $46.9 millions gained 12% over the previous year.

Both interest bearing and non-interest bearing deposits were higher, the total increase being over $7 millions.

The bank at the date of the report had 171 branches which is two more than it had at the date of the last report.

Condensed Balance Sheet
Years Ended Nov. 30

	1937 $	1938 $
Assets		
Cash, cheques, etc.	27,035,529	29,832,724
Securities	61,417,080	64,092,566
Call & sh. loans	5,327,465	2,597,265
Total liquid assets	93,780,075	96,522,556
% of total liabs. to public	75.76	73.42
Loans and advances	41,633,984	46,911,821
Circulation fund	232,795	216,446
Mort. of real est.	40,535	28,106
Letters of credit	1,409,479	1,536,378
Bank premises	3,476,003	3,397,055
Total assets	140,572,874	148,612,365
Liabilities		
To the public:		
Gov't. deposits	2,291,566	1,936,054
Deposits:		
Non-int. bearing	31,109,554	33,523,496
Int. bearing	80,981,699	85,942,016
Total	114,382,821	121,401,567
To banking correspondents	3,503,975	4,769,000
Circulation	3,935,290	3,749,714
Bills payable	548,900	....
Letters of credit	1,409,479	1,536,378
To the shareholders:		
Dividends unpaid	150,659	150,240
Capital	6,000,000	6,000,000
Rest	9,000,000	9,000,000
Undivided profits	1,641,747	2,005,464
	140,572,874	148,612,365

Proposes Sale Of Baby Bonds

From Our Own Correspondent

EDMONTON.—The proposal to sell baby bonds over the counter in Alberta is under consideration by the Social Credit administration, for means of raising money to meet two maturities totalling $3.5 millions in January and possibly to clean up defaulted maturities of some $8 millions.

The proposal is an old one with the Social Credit administration for it was mooted back in 1935.

A government spokesman described the proposal as to "give our own citizens the opportunity to purchase perpetual baby bonds callable by the Government at any time at 2% interest.

Exhilarating Effect

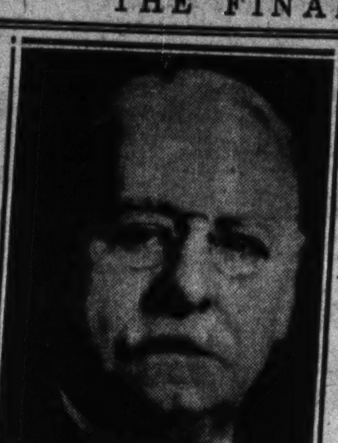
"In this way it would be possible for anyone who so desired to participate in the general scheme of refunding and thereby transfer the debt of the province to the credit of our own people.

"The yearly payment of interest would then be distributed to our own people, thereby increasing the total purchasing power within the province, which in turn would have a most exhilarating effect upon our internal business affairs."

This argument for transferring Alberta's debt from outside bondholders to citizens of the province awakened echoes of early funding schemes advocated by Social Crediters. The idea was part of the Aberhart election platform drawn up in April, 1935. Then after taking office, the Government announced it would sell over-the-counter "prosperity" bonds. But nothing was done.

The extent of the market within Alberta for provincial bonds is regarded as strictly limited, both because of limited investing interests and the province's record.

Government bonds bear an average rate of 2.5% since the Social Credit Government reduced contract rates from an average of 4.89% in 1936. Prevailing prices for Albertas show a heavy discount, which means that an investor willing to take the risk of Alberta bonds can buy them cheaply enough to give him a much higher yield than 2.5%. For instance, Alberta 4's due in 1954 can be picked up for around $55. The interest paid by the province of 2% therefore means a yield of about 3.6% on the trading value. In addition, the bonds have a speculative value with possible increase in price due to political changes in Alberta.



Col. E. M. Renouf, Montreal, who has been elected a director of Bruck Silk Mills Ltd.

Canada Cement Profits Easier

Equal to $5.60 a Share on Preferred — $7.27 in Previous Year

From Our Own Correspondent

Canada Cement Co. reports earnings of $5.60 a share on its preference stock in the year ended Nov. 30, compared with $7.27 a share in the previous year.

In his report to shareholders, J. D. Johnson, president, states the demand for cement was considerably less than in 1937. The falling off was particularly marked during the early months of the building season. A more vigorous demand developed late in the year so that results for the last quarter were more nearly on a par with the same period of 1937.

Capital expenditures made during the year were comparatively small, consisting in the main of a variety of small items at the different plants to keep them up to date. The mechanical operation of the plants is stated by the report to be satisfactory, the great difficulty from an operating standpoint being the lack of volume of business to operate the plants at normal capacity.

Working capital declined during the year by $314,685. This decline is more than accounted for by an increase in the amount of the company's own bonds held from $16,915 to $557,000. Short-term serial bonds retired during the year amounted to $750,000 and the mortgage on the Canada Cement building was reduced by $50,000. First mortgage bonds outstanding at Nov. 30 totalled $15 millions.

During the year, dividends of $6.50 a share were declared but of this amount $2 a share was paid out of 1936-37 earnings.

Mr. Johnson states the outlook for the coming year is more promising. If present prospects materialize, there should be a better volume of business in 1939.

Income and Surplus Account
Years Ended Nov. 30

	1938 $	1937 $
Oper. profit	3,505,012	3,924,736
Add: Inc. from inv.	46,984	42,521
	3,551,996	3,977,257
Less: Bond interest	616,882	639,382
Mtge. interest	36,625	39,125
Depreciation	1,250,000	1,250,000
Renewal reserve	40,000	40,000
Exec. remun.	74,013	69,437
Directors' fees	12,140	11,600
Legal fees	1,824	8,505
Bond refund. exp.	110,000	112,154
Income taxes	286,000	336,000
Net profit	1,124,512	1,501,054
Less: Pref. divids.	1,305,648	903,910
Deficit	181,136	*557,144
Add: Prev. surplus	2,288,948	1,715,027
Adjust.	......	16,777
Balance forward	2,107,812	2,288,948

*Surplus.

Working Capital

	1938	1937
Current assets	4,666,664	5,160,268
Current liabilities	799,624	978,725
Working capital	3,867,040	4,181,725

Moore Corp. Declares Wage Dividend for '38

Moore Corp. has given all employees in Canada and the United States a "wage dividend" of one week's pay to a maximum amount of $50 per person. This marks the fourth consecutive year that Moore Corp. has paid its employees a similar bonus.

Shareholders are receiving a bonus of 40 cents a share along with the regular quarterly dividend on Jan. 3.

Building Products Ltd. New Stock Put on Board

From Our Own Correspondent

MONTREAL.—Building Products Ltd. new capital stock has been called for trading on the Montreal Stock Exchange. The listing covers 483,384 shares of no par value, all authorized, issued and outstanding. Listing results from recent merging of former class A and class B shares into a single class and a split on a basis of four for one.

Winfield Named Director Maritime Tel. and Tel.

From Our Own Correspondent

MONTREAL. — W. A. Winfield, general manager of the Maritime Telegraph and Telephone Co., has been appointed a director of the company.

Investment Notes

Can. Industrial Alcohol—A typographical error in reporting the statements of Hon. Gordon Scott, president, at the annual meeting, recently indicated that the company's properties were inadequately insured. Mr. Scott's statement, made in answer to a question, was that the properties were adequately insured.

* * *

Bruck Silk—I. Bruck, president, told the meeting that sales of the company are showing an upward trend, the company's products being well received in both the domestic and export markets. As a result of these favorable conditions the company hopes to be able to show more satisfactory results in the current year.

Market Opinions

Holidays and an uncertain market again do not give commentators much ground for expressing an opinion contrary to the guarded optimism of the past few weeks.

Brookmire Bulletins, New York—"The basic recovery forces responsible for this bull market continue strongly evident. In addition, the seasonal tendency of the stock market is soon to become favorable, as the already abundant supply of funds seeking investment becomes swelled by the year-end flood of dividend and interest payments. As the new year looms ahead, therefore, it is timely for clients again to survey their portfolios. Not only should the active fund be kept fully invested by using any available new cash, but also holdings should again be checked to make sure of their dynamic quality."

* * *

Financial World, New York. —"Year-end industrial trends are mixed, and on balance little encouragement to stock prices can be looked for here. The automobile industry is holding up well, and electric output has attained a new high for the year, but steel operations have dipped nearly six points in the past week and the volume of retail trade has caused some disappointment. Retail sales, of course, are measured in dollars, and in light of the lower prices now prevailing, it is likely that the physical volume is at least as large as a year ago. Inventories are in very healthy condition, and even moderately increased demand (confidently expected in the early months of the year) will necessitate a further acceleration of the rate of industrial production.

"Although it is unlikely that the first half of 1939, at least, will be marked by anything resembling a business boom, the indications of definite improvement over the past six months are sufficiently numerous to warrant looking forward to the new year with optimism concerning the course of security prices. The investor has ample justification in maintaining his position in well situated issues, and additional purchases of recommended stocks should return adequate profits before the coming year finally closes."

* * *

Business Week, New York.—"Securities prices this week, instead of looking ahead to better things next year, were caught in a technical situation which made the narrow swings fairly meaningless. Volume of transactions in stocks remained fairly large, swelled by tax selling. But this tax selling, which involves switching into other securities in most instances, resulted in conflicting waves of buying and selling.

"Incidentally, at a time when markets in this country are retarded by fears over what will happen in Europe, London is all ears and eyes for the trend in the United States. In commodity markets, particularly, the British expect the rate of American industrial activity to be the determining factor."

Unlisted Stocks

Comparative Prices of Unlisted Stocks—1936, 1937 and 1938
(Furnished by A. J. Pattison Jr. & Co., Toronto)

	1936		1937		Dec. 27, 1938	
	Bid	Asked	Bid	Asked	Bid	Asked
Industrial Stocks:						
Acadia Sugar, com.	5.05	5.30	3.60	3.90	3.70	...
Do., 6% pfd.	5.10	5.40	4.50	4.80	4.85	...
Acme Farmers Dairy, 7% pfd.	42.50	46.00	27.00	31.00	14.50	17.00
Andian National Corp.	47.00	48.00	44.50	46.50	35.00	36.50
Anglo Canadian Tel. A	....	....	....	....	8.25	9.00
Assoc. Tel. & Tel. 6.00 pfd.	49.00	52.00	39.00	43.00	....	31.00
Barrymore Cloth pfd.	....	....	25.25	28.00	19.00	22.00
Brandram Henderson, com.	1.25	....	5.25	7.00	3.00	4.00
B. C. Packers, com.	18.00	....	10.00	....	12.50	13.50
B. C. Pulp & Paper, com.	4.00	....	15.00	20.00	10.00	12.00
Do., 7% pfd.	22.00	30.00	70.00	80.00	41.00	....
B. C. Sugar	....	....	94.00	96.00	80.00	84.00
Burns & Co. Ltd., A	11.75	14.00	7.50	8.50	4.00	5.00
Do., B	7.00	9.00	2.25	2.75	1.50	2.00
Canada Starch, new com.	25.50 old	...	6.50	7.50	6.50	7.50
Do., 7% pfd.	98.00	....	106.00	....	107.00	....
Canada Tea, pfd.	30.00	35.00	27.00	32.00	18.00	23.00
Canada Wire & Cable, 6½% pfd.	118.00	121.00	106.00	108.00	104.00	106.00
Can. Industries, A com.	245.00	249.00	196.00	....	216.00	222.00
Do., B com.	244.00	248.00	192.00	194.00	209.00	213.00
Do., 7% pfd.	165.00	167.00	157.50	160.00	169.00	171.00
Can. Ingersoll-Rand	128.00	135.00	105.00	115.00	132.00	135.00
Can. Tube & Steel, com.	7.00	....	6.25	8.50	3.50	5.00
Do., 1st pfd.	73.00	....	83.00	90.00	60.00	65.00
Can. Westinghouse	73.00	76.00	53.00	55.00	52.50	53.50
Chase, A. W., 8.00 pfd. bonus	26.00	....	26.00	28.50	26.50	27.50
Claude Neon, pfd.	7.00	8.50	6.00	7.50	6.25	7.25
Cons. Sales Book, pfd.	....	....	....	....	81.00	....
Copeland Flour Mills Units	4.50	6.00	4.75	6.00	5.00	6.00
Dom. Manufacturers, pfd.	57.00	60.00	60.00	62.00	60.00	65.00
Dom. Woollens, 6% pfd.	....	....	1.00	1.50	.80	.90
Dunlop Tire, 7% pfd. (old)	80.00	85.00	97.00	(new)	19.50	20.50
Federal Grain, com.	3.25	4.00	1.00	1.45	1.40	1.65
Do., 6½% pfd.	45.00	48.50	16.50	18.00	21.00	24.00
Goderich Elevator & Transit	9.25	10.50	4.00	5.25	6.00	6.75
Guelph Carpet, 6½% pfd.	105.50	106.50	103.00	104.50	98.50	101.00
Do., com.	23.25	24.50	21.00	23.00	16.00	17.00
Hayes Steel Prod., com.	6.00	....	5.50	6.00	10.00	10.75
Do., 6% pfd.	7.50	....	6.00	7.00	8.50	9.50
Highland Dairy, com.	3.00	4.00	....	2.75	1.25	....
Do., 7% pfd.	....	84.00	74.00	78.00	51.00	....
Huether Brewing Corp., pfd.	....	....	2.50	....	3.00	....
Kingston Shipbuilding Units	....	....	....	10.00	10.00	10.50
Loblaw Groc. Inc., new com. W.I.&A.	....	....	....	....	10.00	....
Do., $7.00 pfd. bonus	....	....	70.00	76.00	85.00	90.00
Morrison Brass, 7% pfd. bonus	....	....	8.50	11.00	5.50	7.00
Morrow Screw, 7% pfd. bonus	93.00	97.00	98.00	102.00	97.00	100.00
New Method Laundry, 6½% pfd. bon.	82.00	....	87.00	92.00	50.00	54.00
Paterson, Wm., pfd.	....	....	100.00	....	100.50	103.00
Provincial Paper, 7% pfd.	104.50	106.00	108.00	107.50	105.00	106.50
Reliance Grain, 6½% pfd.	96.00	98.50	....	87.00	36.50	41.00
Robinson Consol. Cone	9.00	10.00	8.00	8.75	7.75	8.50
Ruddy, E. L., 7% pfd.	37.00	40.00	30.00	33.00	28.25	29.50
Seal O Sac (Can.) Ltd.	....	....	4.50	5.50	4.50	5.50
Standard Fuel, com.	9.00	10.00	3.00	4.00	2.50	3.50
Do., 6½% pfd.	WB104.50	106.00	WB74.25	78.00	55.50	60.00
Stedman Bros., 6% pfd.	....	....	....	....	54.50	56.00
Supertest Petroleum, B 6% pfd.	27.25	28.00	27.25	28.50	27.00	28.00
Toronto Carpet, com.	....	....	48.00	52.00	25.00	30.00
Do., 6½% pfd.	41.00	....	55.00	59.00	56.00	59.00
United Farmers Co-Operative	....	....	2.75	....	2.75	3.25
United Steel, A, 6% pfd.	14.00	15.00	15.00	16.00	19.75	21.00
Viceroy Mfg., pfd. & rts.	....	....	17.25	19.00	22.00	24.00
Western Grain, 6½% pfd. bonus	10.50	13.50	5.25	6.50	4.50	5.50
Western Steel Products, com.	....	...	9.00	10.50	7.25	8.00
Weston (Geo.) Foods Ltd. (Eng.)	....	..	2.75	3.25	4.00	....
Willards Chocolates, pfd.	22.00	....	30.00	....	....	63.00
Trust & Loan Stocks:						
British Mortgage & Trust	....	...	....	....	152.00	....
Commercial Finance, com.	2.50	3.00	2.90	3.25	2.75	2.90
Guelph & Ont. Inv., par $50	49.00	51.25	52.50	....	52.50	53.00
London & Western Trust	53.00	56.00	52.00	55.00	36.00	39.00
Premier Trust	....	103.00	....	....	....	110.00
Sterling Trust	33.00	....	40.00	42.00	48.00	53.00
Traders Finance, A com.	....	....	13.50	15.00	14.50	15.75
Do., B 7% pfd. bonus	86.00	....	85.00	88.50	88.00	92.00
Trusts & Guarantee	30.00	33.00	26.00	28.00	26.00	27.75
Insurance Stocks:						
British America Assce.	50.00	....	57.00	....	55.00	....
Canada Life Assce.	530.00	545.00	535.00	....	481.00	487.00
Canadian Fire Ins.	75.00	....	80.00	....	84.00	....
Confederation Life, 20% pd.	112.00	115.00	112.00	115.00	146.50	....
Continental Life, 20% pd.	38.00	45.00	39.00	....	33.00	....
Crown Life, fully paid	150.00	....	195.00	....	240.00	....
Dominion Fire Ins.	135.00	....	135.00	....	130.00	....
Dominion Life, 50% pd.	265.00	300.00	250.00	....	240.00	270.00
Dom. of Can. Gen. Ins.	118.00	125.00	123.00	130.00	105.00	
Empire Life, 25% pd.	7.50	8.50	12.50	13.00	10.00	10.75
Excelsior Life, 30% pd.	69.00	72.00	60.00	....	57.00	63.00
Federal Fire, 25% pd.	40.00	....	41.00	....	48.00	52.00
Great West Life Assce.	350.00	370.00	308.00	315.00	300.00	310.00
Guar. Co. of N.A., fully pd.	285.00	....	320.00	375.00	380.00	400.00
Halifax Fire Ins.	23.00	24.50	22.50	23.00	23.00	23.75
Imperial Life	380.00	....	320.00	340.00	320.00	335.00
Manufacturers Life Ins.	245.00	255.00	256.00	270.00	239.00	242.00
Monarch Life, 10% pd.	20.00	21.75	24.50	26.00	24.00	26.00
National Life, 25% pd.	....	48.50	45.00	50.00	26.00	
Sovereign Life, 25% pd.	15.00	18.50	14.50	16.50	14.00	17.00
Sun Life Assce.	620.00	640.00	450.00	480.00	405.00	420.00
Toronto General Ins.	5.25	6.00	3.25	6.00	5.00	6.00
Western Assce. 12% pfd.	41.00	44.00	40.00	42.00	41.00	44.00
Do., com.	46.00	48.00	47.50	50.00	48.00	51.00
Theatre Stocks:						
Allens Beach, pfd.	67.00	70.00	63.00	68.50	62.00	....
Do., Kingston, pfd.	61.00	....	65.00	....	65.50	70.00
Do., London, pfd.	....	....	....	....	65.00	69.00
Do., St. Catharines, pfd.	....	....	....	....	63.50	67.00
Do., Toronto, 7% pfd. bonus	30.00	35.00	34.00	....	33.50	37.00
Loew's Buffalo, pfd.	3.50	4.50	....	....	4.00	....
Do., London, pfd.	2.75	3.00	2.25	3.00	3.00	3.75
Mansfield Theatre, 7% pfd.	33.00	....	25.00	27.50	26.00	....
Paramount Kitchener, pfd.	52.00	....	48.00	52.50	50.50	....
Do., Oshawa, 7% pfd.	86.00	....	86.00	91.00	89.50	92.00
United Amusement, A	23.00	....	17.00	19.50	14.00	....
Do., B	21.00	....	17.00	19.50	14.00	....
Investment Trust Shares:						
Can. Gen. Invest. Ltd.	10.70	11.00	8.35	8.30	7.90	8.25
Can. Investment Fund	....	....	3.65	4.00	4.05	4.45
Can. Investors Corp.	9.50	10.15	5.50	6.50	6.75	7.50
Cons. Div. Standard Sec. Units	18.50	19.50	11.00	....	7.75	9.00
Corporate Investors	....	8.00	6.00	6.50	6.05	6.50
Investment Foundation Units	66.00	68.50	51.00	54.00	56.00	58.00
Securities Hold. Corp. 6% pfd. bonus	24.00	25.50	17.00	19.50	19.00	
United Corpns. Ltd., A	26.75	27.50	20.00	22.00	20.25	21.50
Do., B	18.75	19.50	....	10.50	10.25	11.50
Power Issues:						
Calgary Power, 6% pfd.	77.50	79.50	85.00	87.50	93.00	96.00
Can. West. Nat. Gas, LH&P com.	24.00	27.00	25.00	28.50	24.50	28.00
Do., 6% pfd.	90.50	92.00	85.50	87.50	95.00	99.00
Foreign Power Sec., 7.00 pfd.	....	....	4.50	6.50	2.00	4.00
Great Lakes Power, 7.00 pfd.	100.00	....	98.00	....	101.00	102.50
Inter. Utilities, 1.75 pfd.	12.00	13.50	8.00	9.75	8.00	10.00
Do., 7.00 pfd.	95.00	98.50	91.00	95.50	98.50	101.00
MacLaren Power & Paper, com.	31.00	33.00	13.00	14.25	14.00	15.00
Maritime Tel. & Tel., com.	16.50	17.80	16.25	17.50	16.00	17.00
Do., pfd.	17.50	18.00	16.75	17.50	16.00	....
Montreal Isl. Power, pfd.	16.50	..	19.00	23.50	20.00	....
New Brunswick Telephone, com.	....	....	13.75	14.50	12.00	13.00
Nor. Ont. Power, 6% pfd.	104.00	105.00	98.00	100.00	98.50	100.50
Nova Scotia L&P 6% pfd.	104.00	106.00	104.00	106.00	105.50	....
Do., com.	95.00		94.00	....	94.50	

C.P.R. Bonds —to yield over 5%

Canadian Pacific Railway Company provides the most extensive system of railway, shipping, hotel and communication service in the world. The Company's growth has paralleled the development of Canada's trade and commerce for over half a century.

Canadian Pacific Railway Company
4% Convertible Collateral Trust Bonds
Due July 2nd, 1949
Price: 91 and interest, yielding 5.11%

Additional information forwarded upon request.

Wood, Gundy & Company
Limited
Toronto Winnipeg
Montreal Ottawa Vancouver
London, Eng. Hamilton London, Ont.

Significant Investors' Index Numbers

1926 = 100

No. of Securities	Mach. and equip. 8	Pulp and paper 7	Milling 3	Oils 4	Textiles and clothing 10	Food and allied prod. 12	Beverages 7	Bldg. mater. 15	Power and traction 15	Banks 8	Total utilities 19	Total co's 95
1929-37:*												
High	432.5	113.4	273.4	423.5	113.5	197.8	204.8	281.1	197.6	131.7	166.0	[illegible]
Low	39.2	3.0	37.7	87.7	30.8	78.8	33.8	44.3	47.1	63.1	36.9	[illegible]
1938:												
Jan.	109.6	18.9	87.2	194.9	64.3	158.7	116.1	138.4	64.4	84.3	48.7	[illegible]
Feb.	109.3	17.5	88.9	195.2	64.8	159.9	115.0	131.4	63.1	81.8	46.8	[illegible]
Mar.	100.7	14.6	76.5	181.2	60.3	152.0	101.3	116.0	58.2	80.5	43.1	[illegible]
Apr.	103.2	15.4	75.6	172.0	55.0	151.5	106.0	119.4	59.7	80.4	43.7	[illegible]
May	107.2	15.7	85.8	177.2	54.5	153.6	107.5	122.5	61.0	80.9	44.5	[illegible]
June	111.8	18.6	84.8	170.0	54.1	156.2	109.2	129.8	61.2	81.0	45.1	[illegible]
July	129.2	23.1	88.6	177.6	59.4	167.9	120.5	142.6	66.4	84.9	48.6	[illegible]
Aug.	130.1	21.0	88.3	176.7	59.0	168.5	122.1	139.3	64.3	85.0	47.1	[illegible]
Sept.	120.6	17.5	78.4	165.0	54.3	162.2	108.8	121.2	57.8	83.4	42.7	[illegible]
Oct.	139.8	22.8	85.8	182.1	58.5	170.1	133.3	139.5	64.0	86.0	46.9	[illegible]
Nov.	141.5	21.6	84.9	184.5	59.0	170.2	143.3	141.5	62.3	85.6	46.2	[illegible]
Weekly Figures, 1938:												
Dec. 1	132.9	19.6	80.4	183.2	56.8	169.6	138.8	135.2	61.0	84.5	44.9	[illegible]
Dec. 8	135.1	19.0	80.3	176.2	57.5	169.5	139.0	137.3	60.2	83.7	44.4	[illegible]
Dec. 15	134.5	19.5	81.4	176.6	56.6	169.1	136.2	139.6	60.0	83.8	44.1	[illegible]
Dec. 22	133.2	19.2	78.0	177.2	55.9	170.4	133.3	139.9	58.3	84.2	43.2	[illegible]

*High and low for years from 1929 to 1937 inclusive are based on weekly figure compiled from figures issued by Dominion Bureau of Statistics.

Toronto Stock Exchange Index

	20 Indus.	20 Golds	10 B.M.	15 W.O.
Dec. 27	123.39	122.64	99.40	38.82
Dec. 26	Holiday			
Dec. 24	123.06	122.07	99.47	39.13
Dec. 23	122.84	121.92	99.42	37.62
Dec. 22	121.52	121.31	98.39	37.44
Dec. 21	120.25	121.28	98.19	37.96
Month ago	121.42	121.09	96.91	28.68
Year ago	123.69	120.49	75.11	54.46
High, 1938	131.11	127.19	105.56	50.85
Low, 1938	97.66	101.86	64.47	25.77

Montreal Stock Exchange Averages

	10 Util.	20 Ind.	30 Cbd.	10 Pprs.	15 Gold
Dec. 27	63.6	84.3	77.4	113.73	[illegible]
Dec. 26	Holiday				
Dec. 24	63.6	84.4	77.5	115.64	[illegible]
Dec. 23	63.7	84.1	77.3	111.51	[illegible]
Dec. 22	63.6	83.1	76.6	112.23	[illegible]
Dec. 21	63.7	82.1	76.0	113.33	[illegible]
Month ago	65.4	80.7	75.6	112.60	[illegible]
Year ago	67.4	74.1	71.9	96.25	[illegible]
High, 1938	69.3	88.8	81.9	150.89	[illegible]
Low, 1938	57.6	61.6	60.5	67.84	[illegible]

1938-1939

TO OUR FRIENDS:

"The friends thou hast, and their adoption tried, grapple them to thy soul with hooks of steel."

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GOOD WISHES FOR THE PRESENT
BRIGHT HOPES FOR THE FUTURE

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INDUSTRIAL AND PUBLIC UTILITY STOCKS AND BONDS

3RD FLOOR ROYAL BANK BUILDING TORONTO, CAN.

Bond Markets

Canadian Bond Prices Strong at End of Year

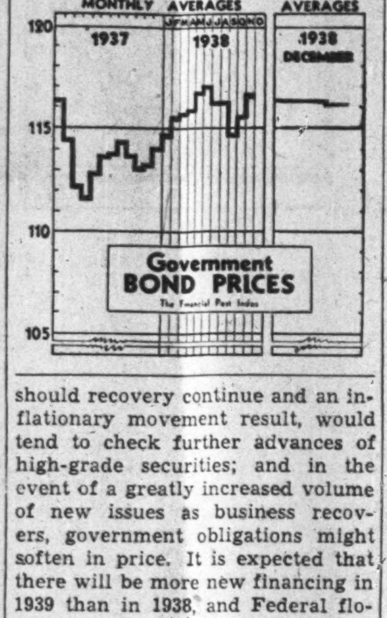
Despite Weak Demand in Holiday Market All Classes Show Strength—Best Grade Utilities Move to New High Ground

Canadian bond investors bade good-by to the year in indifferent fashion, with few bidders attempting to purchase on a holiday market. Prices remained strong and high-grade government issues moved up an average of one eighth during the week. High-grade utility bonds continued strong and a few issues moved to high ground.

Paper bonds remained at approximately the same levels as the previous week, while more speculative issues were lethargic, following the example of the stock market.

If the present strength of the bond market on poor demand is an augury for 1939, the year can be expected to open up with marked strength.

While final figures are not yet compiled on financing in the past year, it is expected that they will be substantially below figures for 1937.



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U. S. Markets

In the U. S., as in the Dominion, the bond market at the year end is buoyant. Reviewing the U. S. market, Jules I. Bogen notes in the Journal of Commerce that quotations of treasury obligations are at or very near to peak levels of the year. Similarly best-grade corporation issues are crowding the top.

Large purchasing by commercial banks and insurance companies is held responsible by the writer for the strength in U. S. bond markets. Similar conditions exist in Canada.

* * *

1939 Survey

Three major considerations are named by Mr. Bogen in surveying the outlook for 1939: A further prospective rise in bank excess reserves which will sustain the pressure of idle funds seeking investment; on the other hand a release from fears of restrictive measures by the Federal Reserve authorities, should recovery continue and an inflationary movement result, would tend to check further advances of high-grade securities; and in the event of a greatly increased volume of new issues as business recovers, government obligations might soften in price. It is expected that there will be more new financing in 1939 than in 1938, and Federal flotations are not expected to be any smaller.

* * *

Institution Market

Institutional buyers generally have manifested considerably more interest in the bond market than has the private investor. The low rate of interest on the best grades of obligations has not been particularly attractive to the private buyer. Only institutional buyers faced by the necessity of placing large surplus funds immediately feel any degree of tolerance toward this situation.

* * *

Corporation Bond Possibilities

The average man on the street, vaguely perturbed about the return on his money, is content to let the institution of his choice look after his interests. He therefore acts as an influence on the market, only inasmuch as he swells the already excessive supply of funds seeking suitable investment.

Because of governmental restriction institutions participate only in the highest grade issues and the lower grade issues have been largely neglected. It is probable that in this group are a number of issues that offer good possibilities for appreciation if business shows strength in the new year.

* * *

Freer Capital Market

In its annual review of the 1938 bond market, Halsey, Stuart & Co. Inc., of Chicago, state: "The need of the hour is for a freer and more active private capital market. No widespread progress can be anticipated until capital flows more readily into business and industrial channels capable of reproducing itself. That implies reasonable profit to the owners of the capital and reasonable assurance of its future value."

* * *

Bond Index

Methods of drawing comparisons and depicting trends of bond prices, like everything else, are constantly changing. It has been found necessary to change The Financial Post tabulation of high-grade bond prices to conform with new conditions. The bonds used before the present change were chosen because they represented at that time prevailing interest rates and maturities. Obligations carrying 4½ and 5% were usual; now 3½% is considered a reasonable return on high-grade investments. The Dominion Bureau of Statistics Dominion of Canada long-term bond price index represents a wider field of prices and complies with the latest circumstances. Starting in the next issue of The Financial Post these will be the figures used in compiling the bond chart. For the sake of comparison, price movements in 1938 of long-term Dominion bonds will be given beside the 1939 figures on the same basis.

Average Price and Yield for Seven High-Grade Government Bonds

Dec. 27	116.18	2.802	Dec. 27	114.39	3.157
Dec. 23	115.93	2.837	Dec. 23	114.34	3.166
Dec. 22	115.93	2.837	Dec. 22	114.27	3.173
Dec. 21	115.93	2.837	Dec. 21	114.23	3.178
Dec. 20	115.95	2.823	Dec. 20	114.24	3.177
Dec. 19	116.00	2.826	Dec. 18	114.19	3.183
Year's	117.21	2.737	Year's	117.91	2.986
Range	111.86	3.389	Range	111.50	3.597

Classified Advertisements

Classified ads. cost 4c. per word and figure for each insertion. Minimum ad., $1.75. Three insertions for the price of two. Add five words when box number is required. Classified ads. payable in advance.

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WELL ESTABLISHED BUSINESS HAS opportunity for Electrical Engineer to benefit from extensive expansion programme contemplated to include assembly and manufacture of nationally known lines. Investment required. Box No. 60, The Financial Post, Toronto.

Agency Wanted

A LARGE general agency insurance firm operating in Manitoba, Saskatchewan, Alberta and British Columbia, are desirous of securing a company to write all classes of insurance, including life. Already have an established life business. Apply to Box No. 64, The Financial Post, Toronto, Ont.

Agency Wanted

MANUFACTURERS' AGENT, AN OLD established Company in good financial standing wants good commission line for Maritime Provinces. Write Box No. 65, The Financial Post, 481 University Avenue, Toronto.

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WHEN YOU NEED A SALESMAN — advertise. I can handle your replies carefully and expertly. One or two men judged best for your needs will be sent to you. You specialize in your business, I specialize in measuring men. May I help you increase your sales? Telephone Midway 5131 or write — R. R. Buchanan, M.A., Vocational Consultant, 57 Bloor Street, West, Toronto.

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has a bond finish; is carried in two weights; is brilliant white; is opaque, and has the unusual qualification of having the strength of a rag content bond three times the price.
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SUCCESS is founded upon SECURITY

The average man can have little hope of permanent success from speculation. Funds derived from the sale of Champion Savings Certificates are invested by the Trustee, on behalf of the Certificate holders, in Government and Municipal Bonds and in First Mortgages on improved property in the better residential districts. The Certificate holders are thus assured of maximum security plus an excellent return on their investment through compound interest. Send for folder C-1

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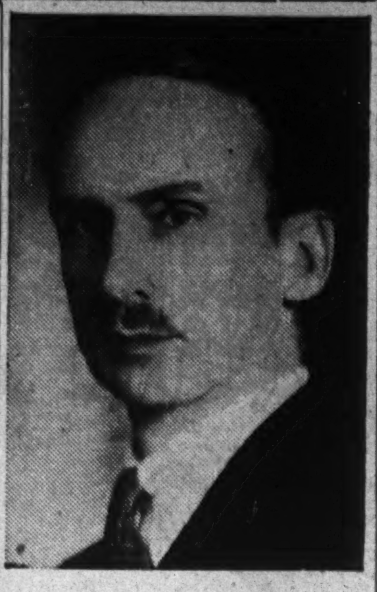

BELL DIRECTOR

James M. Macdonnell, of Toronto, general manager of the National Trust Co., who has been elected a director of the Bell Telephone Co. of Canada.

Trust Firms are Near 1937 Level

1938 Results Expected to Compare Favorably With Previous Year

It is expected that the final results of the year's operations of trust and loan companies will be closely comparable to those of 1937. Branches of the companies, transfer, estate's administration, real estate, municipal administration and liquidation will show varied results for the year.

Revenue from real estate activities across the Dominion is not expected to equal that of 1937. Unsettled economic conditions and threatening world events have been reflected in the condition of real estate in Canada. The nation-wide clamor for reduction in real estate taxation has proved unfavorable publicity and in some cases has injured values.

In the Maritimes, experience with real estate is termed "fair to good" by trust and loan companies. The National Housing Act has stimulated construction activity, particularly in the eastern provinces.

In the Montreal area, rentals have improved this fall, especially in the middle and lower class districts, indicating better incomes and employment.

Ontario Farm Situation

In Ottawa and Toronto, activities have held up to their 1937 levels. In Toronto trust companies have experienced difficulties in disposing of large dwellings.

The farm situation in Ontario has not been good. Low prices have curtailed the farmer's income and made collections of interest slow. Industrial towns, such as Oshawa and Windsor, have experienced varying results, according to the extent of industrial prosperity. Rates and space rentals have been fairly well maintained in the province.

Mining areas in Ontario have been expanding steadily and trust companies' experiences in these new areas have been good. Prospects for the future are considered promising.

Collections in Manitoba have not been as high as those of 1937, but still rank ahead of 1936 figures.

West Improves

Substantial headway was made in Saskatchewan during the year and mortgage collections will be ahead of 1937, it is estimated. However, conditions here are considered far short of normal.

Alberta collections will be higher than in 1937, and despite the incentive given to farmers to overlook debts, the percentage collections in the province are considered gratifying.

An easing off in building activity was felt in Vancouver in 1938. Results of operations of trust companies in the B. C. city are not expected to be as good as those of 1937 and 1936.

Generally better rentals have been experienced in the Dominion in 1938, but real estate sales have not proved as satisfactory as in the previous period.

Liquidation proceedings and the administration of estates has varied considerably, according to the specific company. Transfer departments' business for the most part will show a decrease. The handling of municipal refunding has been profitable because of activity in that field.

Income received from stocks and bonds held by the companies has been declining in recent years. As bonds matured it has been found necessary to replace them with lower coupon bonds. This declining income has been offset to a large extent by lower rates of interest paid on the companies' debenture stock and certificates.

Bond Sales

Renfrew, Ont.

The Town of Renfrew, Ont. has sold $52,000 of 3½% serial bonds to Harrison & Co. at 101.16, on an average cost basis to the town of 3.375%.

The bonds are dated Dec. 2, 1938 and mature Dec. 2, 1939 to 1958. Proceeds will be used for construction of a reinforced concrete dam in connection with the Hydro-Electric Power & Light utility.

Following is the list of bids received.

Harrison & Co.	101.16
Fairclough & Co.	100.13
C. H. Burgess & Co.	99.91
Wood, Gundy & Co.	99.59
Nesbitt, Thomson & Co.	99.53
Dyment Anderson & Co.	99.25
Frank L. Craig	99.178
R. A. Daly & Co.	99.15
J. L. Graham & Co.	99.119
Dominion Securities	99.07
Bell, Gouinlock & Co.	99.06
Harris, MacKeen, Goss & Co.	97.07

* * *

Three Rivers, Que.

The City of Three Rivers, Que. has awarded a $1,193,500 bond issue to L. G. Beaubien & Co., Montreal investment firm, at a price of 98.90 plus accrued interest. The bonds bear interest at 4% and mature serially 1939-51.

Business Scans 1939

Generally hopeful are most Canadian business leaders as they scan prospects for 1939. Barring serious war threats in Europe and any new recession in United States, these spokesmen of Canadian industry are more than hopeful and predict substantial expansion.

In the following columns and also on page 11 leading Canadian executives appraise 1939 prospects.

D. C. Durland

President, Canadian General Electric Co.

During the past year unsettled world conditions have served to emphasize the comparative stability of the Canadian economy. There has been a moderate decline in general business activity, including the electrical industry. Resistance to adverse external influences, however, has been well sustained and the outlook at present for the coming year appears favorable.

One of the accepted indices of business conditions and progress of the electrical industry is the record of consumption of electricity. It reached a peak in 1937 when it was 55% greater than the pre-depression peak year of 1930 and for the first 10 months of 1938 was only 6.4% less than the corresponding period of 1937. This rapid growth is due in considerable measure to the increasing utilization of electricity for household purposes.

The advantageous use of a great variety of electrical appliances available for Canadian homes has shown steady expansion in recent years until now over 60% of all the homes in Canada, or about 1.5 millions, have been wired for electrical services. Canadian central stations are realizing more than ever the value of load building activities and many are planning to impress upon Canadian householders the conveniences derived from the installation of electrical servants in the home.

Canada now has an installation of 8,000,000 h.p. in hydraulic turbines which, however, is only about 18% of the country's available water-power resources. This large reserve is a highly valuable asset for future expansion.

* * *

Paul F. Sise

President, Northern Electric Co.

Chief business of the Northern Electric Co. is the manufacture and distribution of telephone apparatus and wires and cables and relating construction material. Our volume of business therefore is largely regulated by the position of the construction industry in which some improvement is expected during 1939.

The long-range outlook, however, is still far from satisfactory and, while there are large arrears of expenditure necessary for the rehabilitation and extension of existing plants, new projects, housing, etc., present high taxation and insecurity of capital return tend to retard the development which might otherwise be expected.

* * *

Gerald Staunton

Vice-president, Stauntons Ltd.

There is a growing appreciation in all countries of the possibility for a tremendous increase in business if international trade arrangements can be developed and with any definite assurance of more settled conditions in Europe, the world-wide business picture could rapidly change for the better.

Lack of confidence seems to be the most adverse factor in the whole situation. There is ample credit available to handle a greatly increased volume of trade but this will not be released so long as our politicians continue to spend with so little regard for the date of repayment.

* * *

D. A. Whittaker

Vice-president and Managing Director, Sherwin Williams Co.

Business during the year just closing in the paint and varnish industry was, in my opinion, from the standpoint of volume, maintained on about the same level as the previous year. However, with the improvement in the general outlook in recent months, the volume of sales in the industry is improving and, giving due weight to present indications, this improvement will continue into the coming year.

Government assistance, in the way of the removal of the sales tax on building and construction materials, and the activities of the Dominion Housing Act and the Home Improvement Plan, have undoubtedly benefitted the construction industries.

The demand for paints, varnishes and similar products for ordinary household use has grown, through the advent of better and more easily used products, and while industrial business remained slower through the earlier months of the current year, it has grown better as conditions improved. Altogether, our industry looks forward cheerfully to the coming year.

* * *

J. S. McLean

President, Canada Packers Ltd.

Except in Saskatchewan, farmers this year had good crops. Unfortunately Saskatchewan is the province which needed it most. All Canada regrets Saskatchewan's continued misfortune, and hopes the former bountiful crops may come back in 1939.

It is clear Canada must abandon the policy which she followed until 1929 of marketing her farm surplus chiefly in the form of wheat. Because of the nature of her soil and climate, wheat must still be her chief crop. But a substantial part of the crop must be converted into secondary products — cattle, hogs, sheep, milk, butter, cheese, poultry, eggs, etc.

For these secondary products the outlook for 1939 is quite good. The most profitable of all of them is the hog. Throughout 1938, hog prices averaged on the prairie farm 8½ cents per pound, and the present price is equivalent to more than $1 per bushel for wheat on the prairie farm. Beef cattle prices were reasonably satisfactory in 1938, and have been improved by the recent Canada-U. S. Trade Agreement.

* * *

Grant Johnston

Chairman, Montreal Stock Exchange.

The most encouraging aspect of the new year is the distinct amelioration which has occurred in the sphere of international politics in the course of the past few months, coupled with an effective attempt by democratic countries to break down the barriers of world trade.

Barring further international complications, the outlook for Canadian business in the coming year is most encouraging.

* * *

John A. Rowland, K.C.

First Vice-president and Joint General Manager, Canada Permanent Mortgage Corp.

Under existing conditions one hesitates to assume the rôle of the prophet but there seems to be good ground for saying that the outlook for the mortgage business is somewhat better than a year ago. Mortgage collections generally show an improvement during the year over 1937, and there was some increase in lending activity.

At the same time, the real estate situation is far from satisfactory, and our building programme is still below our normal requirements. Some progress was made during the year toward the removal of one serious barrier to the free movement of mortgage money, in the modification or repeal of restrictive legislation. The real estate taxation problem still remains to be solved, and we are awaiting with interest the report of the Rowell Commission.

* * *

T. F. Rahilly

Managing Director, Algoma Steel Corp.

My company has recently placed in production a grinding ball plant, is building a plant for the production of tin plate and sheets, and is undertaking the development of the largest known iron ore deposit in Canada, the New Helen Mine.

The New Helen Mine will be the only iron ore mine in Canada and will appreciably increase the internal economy of the Dominion.

These developments speak louder than words our confidence that 1939 will be a year of increasing business in Canada. Of course, world conditions are unsettled and may adversely affect us, but there are many factors working toward gradual recovery of business in this country.

* * *

E. C. Gilliat

Managing Secretary, Winnipeg Board of Trade.

"A Forward Movement for 1939" is the keynote of Winnipeg and Western business sentiment. The financial difficulties facing Prairie Governments, western cities, and the disabilities of western agriculture have all been thoroughly aired. Businessmen believe a sound case has been established for a readjustment of revenues and responsibilities as between the Federal-provincial-municipal Governments. They also expect the difficulties of agriculture will be recognized, and are taking a constructive attitude toward the future.

Expectations of increased buying power, based on the larger crop, have not materialized owing to the drastic drop in grain prices. Conditions vary, but Winnipeg's wholesale and manufacturing business as a whole for 1938 is not expected to show much change from last year. Unemployment relief costs are down, but still menace the solvency of municipal and provincial finances. Mining development in the mid-west field constitutes the highlight of Winnipeg business.

* * *

H. R. MacMillan

President, B. C. Packers, Ltd.

Total salmon pack this year slightly higher than in previous season. Conservation efforts of the Dominion Government are apparently building up stock of fish. Sale prices of canned salmon of all species have remained relatively unchanged. Consumption in markets customarily supplied by British Columbia seem sufficient to result in satisfactory distribution of 1938 pack well in advance of next season.

Production of fishmeal and oil has been gradually increasing and markets are adequate to take care of all output. Meal prices satisfactory but those of oil disappointingly low. This is partly due to prohibitive American tariff and also to competition from other commodities.

* * *

H. L. Southall

Managing Editor, Business Newspapers Division, MacLean Publishing Co.

Retail trade has maintained its position well in Canada during 1938, being only about 2% below 1937 for the first 10 months. Adjusted for somewhat lower prices, tonnage movement would be nearly equal. Retailers and wholesalers are entering 1939 with very moderate stocks. Frequent reordering for this year's Christmas trade confirms this position. There should be steady purchasing in proportion to improvement in general business during 1939, and this is much more desirable than any rush to load up.

Trade agreements will increase competition in some lines. Spring, 1939, prices already announced show that present levels are being maintained on the average. Rural buying has been better this fall. City trade will have to look for further improvement to increased factory production which may come with broader activity in industry due to armament and other production.

To round out the picture for lines like hardware, plumbing, metals, paint, etc., revival in the capital goods industries is essential. There are strong hope and expectation that their improvement of the past year will extend during 1939, with broader use of governmental financing facilities for new construction and modernization.

* * *

W. Leigh Brintnell

President, MacKenzie Air Services

If a world war does not occur in 1939, we believe that there will be an unprecedented amount of general business activity in Canada. We believe that this will be particularly true in regard to the mining industry in the North West Territories and, if the mining business goes ahead, it necessarily follows that the aviation business must expand to keep up with mining developments.

It has been proved now that the climate in the North West Territories is as good as that experienced in northern Ontario and Quebec and also that mines can be developed just as expeditiously and cheaply as they can a few miles away from the railway in either Ontario or Quebec. Due to the absence of overburden it is possible to accomplish more from a prospecting standpoint in one year than in two or three summers in Eastern Canada and mining companies realize that they will be only under Federal jurisdiction.

Due to the great distances aviation should develop very rapidly.

* * *

Aubrey Davis

President, Davis Leather Co.

It is our expectation that 1939 will mark a decided increase in the demand for good shoe leather over 1938.

This increased interest seems reflected pretty well around the world, with the highlights falling on the British Isles and the United States.

Reviewing raw material from which leather is made, we find the statistical position to be that the numbers of hides on this continent in hands of tanners, packers, etc., are as low as they have ever been in history.

The price position shows light native cows at 11.50 cents today, as compared with a 17-year average of 12.81 cents from 1921 to 1937. The period selected excludes the three high-priced years following the war, but includes the four depression years of the industry 1930 to 1934.

* * *

John Whittle

President, Vancouver Board of Trade

British Columbia is looking forward with confidence to 1939. It has to be admitted, of course, because of international developments, we have not been able to witness the fulfilment of many of our hopes but, nevertheless, the province is entering the new year with a satisfactory trading situation.

One of the indexes is that of our provincial revenues. In his budget speech, Hon. John Hart, Minister of Finance, drew attention to the fact that the 12 months ended March 31 showed a record volume of revenue collections amounting to over $31 millions, which exceeded the all-time high of 1936-37 by nearly $3 millions. All our major industries are reporting satisfactorily with the close of the year.

* * *

F. A. Warren

President, Gutta Percha and Rubber Ltd.

Any opinion expressed on the probable trend of the rubber industry in Canada for 1939 must, as in the case of business generally, be subject to the existing uncertainty of the international situation. Apart therefrom, the outlook for the rubber industry would seem to be for some increase in volume over 1938.

The new Trade Agreement between Canada and the United States is apparently of great significance politically and to international trade, but, while the effect on the Canadian rubber industry is not yet at all fully determined, there are indications that it will prove to be somewhat detrimental to the industry, except for some consequential benefit which may accrue from the advantages gained for Canada's primary products and some industries. Taxation continues to weigh with severity on the industry.

The price of crude rubber is expected to be upward in 1939.

* * *

F. G. Rutley

Vice-president, Foundation Co. of Canada.

Canadian prognosticators and foreign dictators do not mix. Assuming, however, that business conditions in Canada will follow their normal course in 1939, that year should at least equal 1937 in construction volume. This would be an increase of between 20% and 25% over the value of construction contracts for the year 1938. The nation's construction requirements remain unmet.

Lack of construction is Canada's biggest employment problem and employment is Canada's biggest problem. The action of the Dominion Government in exempting from sales tax the majority of materials that go into a building has further decreased construction costs by decreasing taxation. This action was constructive and timely and may well be the forerunner of other ways of decreasing taxation with the purpose of encouraging private capital to build.

Residential business, industrial and road building constitute the main construction requirements for 1939. Engineering construction continues to lag and at the moment shows no prospect of improvement for next year.

FROM YEAR TO YEAR . . .

Many persons feel it wise to review their Wills once a year; for like everything else, Wills grow out-of-date. ¶ A Will that does not deal with circumstances as they are, at the least may be inconvenient, at the worst may be costly and cause hardship to the beneficiaries. ¶ We invite you to review your Will this new year with our officers. This Corporation has had a wide experience of the way in which Wills work out in practice. A consultation would enable you to see your own arrangements against the background of common experience and put you in the best position to take up the drafting of any necessary revisions with your solicitor. You will incur no obligation.

In the interests of your family and estate put reviewing your Will first among the duties of the new year.

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Bond Prospects for 1939

Steady High Grade Market Seen — Industrials May Strengthen

By R. A. DRAPER
Staff Writer, The Financial Post

Canadian bond investors are busy pondering over the prospects for 1939, and are not finding their conclusions as clearcut as they would wish.

Too many uncertainties becloud the picture to make unqualified predictions. Lightly dismissing all the dire things that could befall this world, what can we expect of the Canadian bond market in 1939?

In the first place the Dominion has not reached and probably never will reach an independent economy. Canadian business and finance move within the powerful orbit of United States and British influences, reacting in sympathy with forces at work there. Any appraisal of possibilities in Canada, therefore, cannot neglect the swiftly moving current of world events.

Rearmament Important Factor

Great Britain is deeply engrossed in the serious business of rearmament and United States has climbed on the band-wagon of international disharmony. Business continues to move spasmodically toward a more prosperous footing. The United States is pouring funds into the pump-priming process and Canadian businessmen express qualified optimism for 1939.

Economic evidences in the United States point to a cyclical business recovery. Great Britain is holding its own, with the threat of increased competition from the Third Reich hanging over its head.

Consider first how all these factors apply to anything as remote as the price of Canadian high-grade bonds. It is highly likely that both Great Britain and the United States will do everything in their power to prevent higher interest rates. The expense of huge armament programmes must be funded and the position of financial institutions holding their obligations must be considered.

More Government Bonds

The trend of investment portfolios of life insurance companies is to a higher percentage of government obligations. In the United States, the Association of Life Insurance Presidents estimates that at the end of 1938 the portfolios of life insurance companies included $4,942 millions of United States government bonds, or 17.9% of their total investments, as compared with 2% in 1929. Regulation and restrictions by governments place a further premium on the inadequate supply of government securities.

Nor is the keen demand for government obligations likely to abate in the near future.

Interest Rates

On these bases one looks for not greatly changed interest rates on high-grade bonds in 1939—with the provision, of course, that the strong sentiment for peace keeps the spark away from the European powder keg.

Minor recessions, however, can be normally expected to occur, but should not prove extensive enough to upset the strength of the market.

It should be remembered that high-grade bonds showed themselves vulnerable in the fall war scare, and would doubtless suffer in another such crisis.

Consider also the fact that the North American continent is regarded as a land of comparative calm and peace and is likely to be regarded as a haven for European investors. Funds for high-grade investments would be augmented by an influx of "uneasy money," which would further depress bond yields.

Corporation Bonds

The study of possibilities for the corporation bond market is different.

The highest grade issues will follow the lead of government bond prices, but the middle and speculative issues offer much more ground for conjecture.

The future of lower-grade bonds will be determined by business activity and the fluctuations of the stock market. So that business activity for 1939 is the all-important consideration.

What's ahead for business? Well tempered optimism is expressed generally by financial and industrial observers, with a strong cautionary rider in a number of cases. Prominent businessmen give their opinions on the outlook for 1939 in this issue of The Financial Post.

If the pace of business activity is accelerated, the more speculative industrial issues offer the greatest opportunity for appreciation. Especially do the borderline cases deserve consideration—where interest charges are scarcely earned. Better business would be reflected most in the improved position of these securities, while the better covered obligations would not be likely to move as rapidly.

Mining Company Bonds

Of interest to Canadians is the increasing number of bond flotations made by mining organizations. As more of the smaller mines are brought into production the greater may be the financing consummated in the bond market.

There is one factor of the industrial bond market which conceivably might have an effect on the high-grade market. The greater the increase in business in 1939, the greater will be the amount of funds absorbed by industry. This, in turn, if carried to an extensive enough degree, would have the effect of weakening the demand for high grade securities, and in a boom period the effect on government bond prices might be an appreciable one. It is highly questionable whether Canada is entering a prosperity of this magnitude, however.

If business in 1939 will be comparable with that of 1938, what would happen to industrial bond prices?

Probably about the same thing that happened to prices in 1938, as shown by the tabulation below.

Bid Prices of Corporation Bonds

Description	1938 Jan. 4	1938 Dec. 28
Abitibi 5's/53	[illegible]	[illegible]
Bell 5's/47-57	[illegible]	[illegible]
B. A. Oil 4¼'s/[illegible]	[illegible]	[illegible]
B. C. Power 4½'s/60	[illegible]	[illegible]
B. C. Tel. 4½'s/61	[illegible]	[illegible]
Brown Co. 5½'s/46	[illegible]	[illegible]
Calgary Power 5's/60	[illegible]	[illegible]
Can. Cement [illegible]	[illegible]	[illegible]
Can. Vickers 6's/47	[illegible]	[illegible]
Dosco 6¼'s/55	[illegible]	[illegible]
Dom. Tar 4½'s/51	[illegible]	[illegible]
Gen. Steel 4½'s/52	[illegible]	[illegible]
Inter. Hydro 6's/44	[illegible]	[illegible]
Lake St. John 5½'s/61	[illegible]	[illegible]
Massey-Harris 4½'s/54	[illegible]	[illegible]
McColl-Front. 6's/49	[illegible]	[illegible]
M. & O. Paper 6's/45	[illegible]	[illegible]
Simpsons Ltd. 4½'s/51	[illegible]	[illegible]

The trend of industrial bond prices shown here has been well mixed. Paper companies and utility issues played a general upward movement. Abitibis improved, probably because the company was felt to be working its way nearer to reorganization. Minnesota & Ontario, also in receivership, showed improvement in price. Simpsons obligations were better because of the company's ability to maintain business comparable to that of 1937.

McColl-Frontenac issues declined four points during this period. A certain amount of apprehension regarding managerial policies may have caused the drop.

With a continuance of business at 1938 levels, this mixed price picture might well be duplicated in 1939, with the circumstances surrounding the industry determining in each case the price of the bonds.

Municipal Bonds

Prospects for municipal bonds are encouraging. Municipal boards and municipal governments have done a lot of house-cleaning in the past few years and the fruits of their work are beginning to appear.

Defaulting municipalities are being extricated slowly from the financial quagmire, and losses to debenture holders are not going to be as heavy as first estimated.

New issues and refunding issues have received favorable current rates and municipal debt charges have been substantially reduced. On a lenders' market municipalities will find little trouble disposing of their issues at favorable prices.

In 1939 the Canadian bond investor may reasonably look for:

(a) Little change of high-grade bond prices.

(b) Contingent upon a degree of international calm, somewhat better prices of industrial obligations.

(c) Continued strength in the municipal bond prices.

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TORONTO, DECEMBER 31, 1938

The Financial Post Editorial Platform for Canada

The duty of political leaders is to lead; to give direction to public opinion; to act with courage in matters of public policy; to combat inertia in the conduct of the nation's business.

The Financial Post stands for LEADERSHIP of this kind in Canada.

Such leadership is essential to preserve our free and democratic institutions. It is urgently needed, now, in Canada, in order to:

1. *Eliminate waste in public business.*
2. *Put idle resources of manpower and materials to work.*
3. *Maintain financial integrity in meeting public and private obligations.*
4. *Promote a spirit of national unity in place of conflicting sectional loyalties.*
5. *More efficiently organize Canada's trade.*

Leadership and Teamwork

CANADA as a team did not work very well in 1938. We should start now to make a better showing in 1939.

Take, for example, national unity.

This was a big but disappointing spectacle. There was plenty of action but no teamwork. There was too much grandstand play. Spectators got rightly impatient with the lack of discipline among the players; the lack of leadership by the captain.

The rules of this particular game need badly overhauling. The captain must be given a freer hand. At the same time definite, courageous leadership is needed to restore the old-time esprit de corps.

Another disappointment was the financial balance sheet.

In 1938 in Canada there was much less money in general circulation than the previous year, yet the Government had a larger "take" than ever—perhaps the largest it has ever had. In spite of this, most governments failed once more to balance their books. They had to borrow money and increase debt in order to make ends meet. Added to previous borrowings the national debt is now so large as to raise grave doubts about our ultimate solvency.

Certainly there can be no real confidence in the future, unless and until governments do come to grips with this question of public finance—until confidence in the country's finances is restored.

One commendable accomplishment of 1938 was the Anglo-Canada-United States trade pacts.

When these were first mooted, grave doubts were expressed as to whether anything worth while could be accomplished without splitting the country from one end to the other. Though the final result will not be known for some time yet, the agreements which were signed a few weeks ago indicate that with patience and leadership constructive moves can be made without jeopardizing the various and diverse elements which comprise this Dominion.

As to 1939, leadership and teamwork are obviously needed if Canada is to make a better showing than last year.

Our books must be made to balance. Steps must be taken to reduce debt and running expenses and eliminate unnecessary costs and waste.

The unity game cannot be played much longer without new rules. We need these and need them quickly. We need leadership to put these rules into effect and teamwork to make them effective.

Canada's Wheat Problem—No. 1

Farm Substitutes

OF THE 40 million acres of field crops in the three Prairie Provinces almost two thirds is normally sown to wheat. In Saskatchewan, wheat acres outnumber by three to one those of all other crops combined.

Current low prices and reluctance of former big European buyers to continue importing our wheat, indicate that practical substitutes for our major crop should be sought. This matter received much attention at the recent Bracken conference on markets.

When a manufacturer finds the demand for his particular product waning, or too many competitors in the business, two alternatives appear:

(1)—He turns to other and more profitable lines.
(2)—He removes his product from its present competitive class by cutting costs or improving quality.

Canadian wheat growers might well explore both alternatives. There is benefit to be gained from both, although there is no complete solution for the present wheat markets problem in either.

* * *

It would certainly not be wise, even if practical, for Canada to abandon wheat and turn in wholesale fashion to mixed farming. Much of our wheat country is too dry to produce fodder for cattle—especially dairy cattle. Secondly, we would soon encounter a new market problem for meat and dairy products.

There are, however, considerable areas where more livestock could be raised. If the process is carried out gradually there should be no serious market difficulty involved.

At presen[illegible]a is not filling its bacon quota to Great Britain. It might do so by sowing up to a million and half acres of the northern fringe of the wheat country in barley and feeding this to hogs. Cash returns should be substantially higher than if the grain was sold direct. In this area, cooler and moister than the wheat areas to the south, there is room for more dairy cattle and poultry.

Along the southern edges of the wheat belt a considerable portion of light land has already been taken out of wheat and returned to grazing. Now that the United States cattle market has been opened still wider through the new trade agreement, there should be room for reasonable extension in this direction.

In the central wheat areas, flax offers an alternative crop up to about a million acres. More than this would put Canada on an export instead of the present import basis and new marketing problems might arise.

* * *

Thus, without serious disturbance to existing markets, perhaps 20% of the present wheat acreage might be devoted to other crops. The benefit, however, would be very much greater than the actual difference in cash returns between wheat and the substitutes because the quality of the crop produced on the remaining wheat acreage would be vastly improved by the withdrawal of marginal land on the south and north. From such lands have come either our lowest and most uneconomic yields or softer, lower quality grain that has constantly endangered Canada's wheat reputation. In this way we would be protecting our present preferred position in world wheat markets.

This editorial is the first of a series on Canada's wheat problem.

And Now "The Thomson Plan"

AS A CLIMAX to several years of intensive study of the Canadian railway problem, Lesslie Thomson, Montreal engineer, has produced a "plan" of his own to reduce the economic waste involved in Canada's present railway set-up.

In brief, the Thomson plan, which will now join the Beatty plan, the Duff plan, the Ruel plan and others in competition for public attention, proposes the establishment of a system of "common management" for the Canadian National and the Canadian Pacific, which would effect the greatest possible measure of economies short of amalgamation or joint operation of the two systems.

As Mr. Thomson requires a thick volume of 1,080 pages, selling for $12.50, to elaborate his scheme, it is obvious that it is a proposal which will be studied by only a limited number of people. This is unfortunate, for accompanying his proposals is a most comprehensive study of the economic phases of the railway problem in Canada that is worthy of the closest attention by all good citizens interested in ending the great national waste of highly competitive and duplicatory railway systems. Perhaps Mr. Thomson will be able to publish a résumé of his proposals in the form of a briefer, less expensive pamphlet for general distribution.

Mr. Thomson makes out a very strong case for the attainment of railway health by "control" that will replace the present "drift." Failing such an effort, the future prospects of Canadian railways are "sombre indeed," he declares, while the increasing menace to the financial stability of Canada brought about by the unsoundness of the present transportation structure will become graver than ever.

Introduction into the railway controversy of a "neutral" plan which cannot be said to be inspired either by Canadian Pacific or Canadian National interests, and which in fact is not likely to be enthusiastically received by either of these groups, may have the salutary effect of inducing politicians and public in Canada to approach the railway problem from a fresh angle.

The Fishermen's Bounty

MANY readers have written to us regarding the item on the Fishermen's Bounty, which appeared recently in The Financial Post as one of a series on "Public Waste."

The letters suggest the bounty does not come out of the taxpayers' pocket but out of a fund created by the Halifax Award under the Treaty of Washington.

What are the facts?

The Treaty of Washington, 1871, provided that United States fishermen might fish in common with Canadian fishermen in the territorial waters of our Atlantic Coast and that Canadian fishermen might fish in United States waters south to the 39th parallel. A commission provided for by the treaty awarded Great Britain, which made the treaty on behalf of Canada and Newfoundland, $5.5 millions for the greater value of the fishery privileges granted by Great Britain over those granted by United States. Newfoundland received $1 million of the award and Canada $4.5 millions.

Disposal to be made of Canada's share was debated in Pariament in 1879. Maritime members contended it should be paid to the fishermen or to the Maritime provinces. They failed to convince Parliament, it being decided the money belonged to Canada, as a whole.

As a result Canada's share of the award was paid into the consolidated revenue fund.

Agitation from the Maritimes in regard to the fisheries continued.

In 1882, Parliament authorized an annual grant of $150,000 "for the development of the sea fisheries and encouraging of the building of fishing vessels." In 1891 the grant was increased to $160,000. The act does not state the annual amount to be distributed, as the bounty was regarded as interest on the Halifax award. New Brunswick, in its submission to the Royal Commission on Dominion-Provincial relations, argued it had no connection with the award.

Purpose of the bounty is "for development of the sea fisheries and the encouraging of the building of fishing vessels." The trend of bounty payments does not indicate it has had such an effect. In 1883 there were 13,174 vessels and boats and 33,369 fishermen entitled to the bounty. In 1936 there were only 12,293 vessels and boats and 23,575 fishermen.

To argue about the origin of the bounty is merely avoiding the point.

The important thing is that the bounty in its present form is of little assistance to the fishing industry. It could very well be spent to better advantage.

It is not a question of begrudging the expenditure of $160,000 annually to aid Maritime fishermen. The bounty in its present form does little good.

As already stated in The Financial Post, it would be better if this sum was spent in developing markets and improving marketing methods. The present system is definitely a Public Waste, which does little or nothing to improve the lot of our fishermen.

Relief for Taxpayers

CANADA enters the last quarter of the fiscal year with no prospect of the Dominion Government's budget being balanced. In his budget address last spring Hon. Charles Dunning forecast a deficit for the fiscal year of not more than $23 millions.

But few of the hopes on which this forecast was based have materialized as yet.

Railways have been losing money at a rapid rate; the business recession in the United States has cut sharply into Canadian business and into tax revenues accruing therefrom. The minimum wheat price policy stands to cost taxpayers a large unbudgeted sum on the basis of current wheat prices.

This drain on the taxpayer for support of Government service overlooks the basic need of increasing the national income. In this connection the cap described recently by the First National Bank of Boston may be said to fit Canada.

"The chief trouble with most countries of the world is that they are living beyond their means and are draining reserves built up by many years of hard work. Too much is being spent for past wars and preparation for new wars, as well as for governmental services, so that there is not enough income to provide desirable living standards.

"These extraordinary expenditures can only be met by producing more goods and rendering services that are within the economic capacity of the people.

"This was brought forcefully home to the people of France when Premier Daladier recently announced that the 40-hour week must be abandoned and production increased

Canada's burdens may not be so obvious nor so grievous as those of France. But the intolerable tax burden (which show no signs of being lifted) can only be lessened "by producing more goods and rendering services that are within the economic capacity of the people."

Editorials in Brief

Ontario's Premier Hepburn objects to having Ontario share so much of what he considers provincial wealth and earning power with the rest of Canada.

But Mr. Hepburn himself practises a share-the-wealth policy by raising a large share of his provincial revenues from corporations and individuals in Toronto, to disburse among the citizens of the province.

He does the same thing when he taxes rich citizens in the province to pay the cost of social welfare for less fortunate members of his provincial family.

* * *

Recently a leading United States advertising publication devoted a large part of its monthly issue to the excellent advertising campaigns conducted by Swedish co-operatives. These campaigns are playing a notable part in stimulating the sale of farm and other domestic products in that country.

Canada might well study this effort. Though something has been done here by government departments and individual organizations (the recent apple campaign of the Federal Government may be cited) it is probably true that Canadian agriculture at large has been notably neglectful of the home market.

A more intensive effort to increase the demand and desire of Canadians for quality foodstuffs which are grown in our own country would go far to make Canadian farmers, and therefore the country at large, more prosperous.

Sayings of the Week . .

"I don't wait for moods—you'd never get anything done if you did."—*Pearl Buck.*

* * *

"The German is either the best soldier or none at all."—*Adolf Hitler.*

* * *

"The aggressor nations pay heed to only one thing — force and might."—*Bernard M. Baruch.*

* * *

"Some of the greatest men have hated the human race; even God would have destroyed it but for Noah."—*George Bernard Shaw.*

* * *

"We who have training and have minds that we know how to use must not be swept away by things that really aren't true."—*Mrs. Franklin D. Roosevelt.*

* * *

"So long as we have hundreds of thousands of people in this country out of work on relief, who cannot be given employment we should not allow any immigrants to come."—*Hon. Dr. R. J. Manion.*

* * *

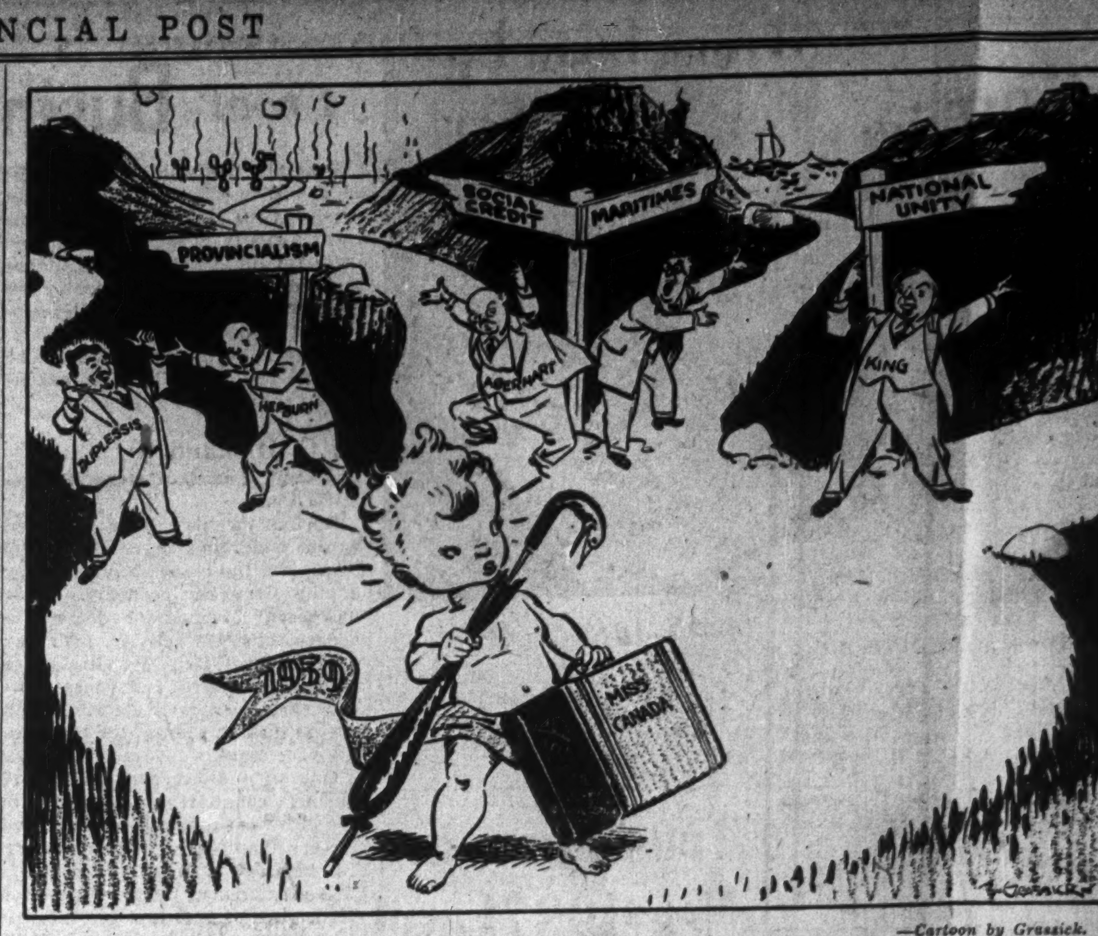
"Britons should take off their hats to Australia for undertaking to admit 15,000 of those unhappy refugees from Germany."—*Duke of Devonshire, Dominions Under-Secretary.*

* * *

"I'm quite certain that, in the end, commonsense will prevail, and we shall have a national policy adopted in transportation matters which will be for the general good." — *Sir Edward Beatty.*

* * *

"Your place in history will not be made by your bank balance but rather by your character. The great thing in life is not to sacrifice your convictions if they are worthwhile."—*Rt. Hon. R. B. Bennett.*



—Cartoon by Grassick.

A STRANGER ASKS THE WAY

Post-Scripts . . . .

Chief Justice

Last week the Ontario legal fraternity acclaimed appointment of litigious Robert Spelman Robertson, K.C., as the new Chief Justice of the province. He succeeds on Jan. 1, the Hon. Newton W. Rowell whose retirement on account of ill health was announced a short time ago.

R. S. ROBERTSON

Since 1917, Mr. Robertson has been a member of the firm of Fasken, Robertson, Atchison, Pickup and Calvin, a name which will now have to be amended.

"Any appointment to the bench is a gamble," said a lawyer friend of ours discussing Mr. Robertson's elevation. "I remember there was considerable doubt and questioning when Sir William Mulock was appointed. But I know of no one who is more suited by temperament to the job than Mr. Robertson."

* * *

An expert in constitutional law who has taken a dozen or more cases to the Privy Council in London, Mr. Robertson has the reputation for "not rushing at things" and being a prodigious worker. He already holds one of the highest honors in the gift of his fellow barristers, namely treasurer of the Law Society at Osgoode Hall.

According to a good old English custom the post of treasurer is conceded one of the most important in the gift of the benchers.

* * *

Mr. Robertson was born in Goderich 68 years ago. His family came from Nova Scotia. After schooling in Goderich which included the tutelage of the late Principal H. R. Strang, Mr. Robertson studied law under the late Mr. Justice J. T. Garrow and was called to the bar in 1894. He began the practice of law at Stratford with the late Mr. Justice John Idington.

When the latter was elevated to the Supreme Court he formed his own partnership of Robertson and Coughlin. Subsequently in 1917 he joined his present firm in Toronto. At one time Mr. Robertson was a Liberal candidate, North Perth, his only excursion into active politics.

Mr. Robertson was created a K. C. in 1921. He has refused judgeships on two previous occasions—once in 1924 and once in 1926.

His Privy Council work has included many important cases notably the Bennett reform legislation of 1935 when he represented the Government. He also took part in the Ontario dispute over Hydro power contract cancellations. Only last week he returned from England after appearing before the Privy Council in a case involving the Yukon Consolidated Gold Corporation.

* * *

His directorates include the Excelsior Life Insurance Co.; St. Anthony Gold Mines Ltd. and Moneta Porcupine Mines, Ltd. He has been a member of the Excelsior Life board since Jan., 1935. His law partner, Alex Fasken, is president of the company.

He married Laura G. Segsworth in 1900. His five children have all been brought up in Toronto. The eldest is an engineer in Galt, another a surgeon in Toronto. Another boy is with the Toronto Telegram. His fourth son is a member of his father's law firm. He has one daughter.

A member of the Caledon Mountain Club and the Royal Canadian Yacht Club he reports his chief recreations as walking and long holidays in Muskoka.

* * *

Socialist Mayor

Whether they liked it or not—and most of them didn't—Vancouver businessmen had to reconcile themselves this month to the prospect of a Socialist mayor for the next two years. And they were unable to find much consolation in the fact that one of their number, Colonel Nelson Spencer, lumberman and president of Home Oil Company, had been directly responsible for the city's fate.

DR. J. L. TELFORD

Dr. James Lyle Telford, leader of the Co-operative Commonwealth Federation group in the British Columbia legislature, was elected mayor of Vancouver by a majority of more than 2,000 votes over Mayor George C. Miller, whose total vote was severely split by the candidature of Col. Spencer. Telford received 17,000 votes; Miller 14,859 and Spencer 8,388. Three other candidates received only a smattering of votes.

With an avowed radical in the saddle again, most Vancouver citizens are prepared for an administration second only to that of Gerry McGeer in its spectacular effects.

* * *

But while Telford has spent much of his time in the last half dozen years berating governments in power and advocating new economic theories, there are several indications that his attitude may be tempered somewhat now that he is in office.

Mayor-elect Telford declares that he proposes to give Vancouver an honest, efficient and progressive administration, and his admirers saw reason for reassurance in Telford's announcement that he planned to make a flying trip to Milwaukee to confer with that city's famous Mayor, Donald Hoan.

Dr. Telford may be handicapped by having only two members of his group in the city council, but he expects to get along all right with the aldermanic majority. "I intend to play ball with them, and I expect them to play ball with me," he said the day after his election. Nevertheless the good doctor's flair for the spectacular has caused some misgivings.

* * *

Ontario born, Dr. Telford graduated from McGill in 1913 and went West soon afterwards. While actively practising his medical profession, Dr. Telford found time to take a leading part in labor and Socialist organization work. He was associated with the Federated Labor Party, edited the radical weekly, The Challenge, for a while and joined the C. C. F. soon after it showed signs of becoming a potent political power.

Like many another outspoken advocate of economic reform, Dr. Telford attracted a wide radio audience, and for the past half dozen years his has been one of the best known radio voices west of the Canadian Rockies. The radio undoubtedly helped him gain a seat in the Legislature two years ago, strengthened his title to the C. C. F. leadership in the house and was a decisive factor in the recent mayoralty contest.

"No corporation nor individual need fear my administration if they conduct themselves without harm to the community," said Dr. Telford after taking office. "Human values come first, and there will be no cliques, no politics and no favors."

* * *

Having a Socialist in the mayor's office will be a new experience for Vancouver, but it does not necessarily represent an important triumph for the C. C. F. politically. The split vote obviously elected Telford; the C. C. F. aldermanic candidates were routed.

The political fortunes of the C. C. F. were not enhanced by frequent indications of internal strike during the recent session of the Legislature. But the fact of Dr. Telford's election cannot be ignored and it is a safe guess that during the next year or so he will exert a considerable influence in B. C. politics.

As Others See Us . . . .

Timely Questions
New Glasgow News

What is happening, asks The Financial Post, to the much-vaunted tourist programme announced in the House of Commons by the Dominion Government last summer? According to the supplementary estimates, millions of dollars were to be spent to develop our natural assets in a way to attract more visitors and make their visit more pleasant and profitable. Has anything been done to implement these plans?

Waking Them Up
Kitchener Record

What surprises — and we might even say disappoints — Canadian readers of newspapers printed in Great Britain is the fact that the Old Country journals contain very little news about affairs in this Dominion. It takes an outstanding Canadian occurrence to rate even a paragraph or two in a British newspaper.

On the other hand, Canadian papers give liberal space to developments in the Motherland. As a result the people of this Dominion are kept pretty well informed on United Kingdom topics.

Perhaps the forthcoming visit of the King and Queen to Canada will result in much more publicity for Canada in the British press. It is to be hoped that the royal visit will break the ice for an improved coverage of Canadian news in Old Country papers.

The Financial Post is quite right in saying: "If British publishers want the British people to understand the problems of British countries overseas they will find it necessary to give more space to cabled news and interpretative articles from the Dominions."

Newfoundland's Problems
St. John's News

Discussing Mr. Lodge's article on Newfoundland in the Fortnightly Review, The Financial Post sees the need for some administrative changes in this country to facilitate progress.

The Post agrees with Mr. Lodge that the Commission should have longer tenure of office, that they are compelled to give too much time to administrative details, and that to remedy this latter fault the enlargement of the Commission might be considered as a possible solution.

Enlargement of the Commission's membership is not necessarily the only method that might serve to speed economic progress. A possible alternative might be the appointment of an economic council that would devote its full time to investigation of industrial opportunities, the origination of new schemes of development, and the examination, with a view to making recommendations to the Commission, of development projects that may be laid before the Government by private enterprises or individuals.

This is work of a nature that the Commission cannot do for itself, under existing circumstances. It is work that must be done if Newfoundland is ever to secure economic salvation and financial independence. And it must be quite obvious that the greater the delay in undertaking this work the more complicated and difficult must the problems of the country become.

Wider Income Tax
Fort Frances Times

"The way to make taxation less of a burden is to lower it. The way to lower it is to make people realize they are paying it!" says Sir Edward Beatty. And that's where the advantage of direct taxation comes in.

The Financial Post points out that only one worker in 14 (exclusive of farmers and farm laborers) pays any income tax, and advocates extending the tax to include a million or more Canadian workers who now pay their taxes too "painlessly."

King George Stope
Nelson News

Which Canadian mine should be presented to the eyes of King George and Queen Elizabeth as the representative Canadian mining operation, on their coming visit? Should it be the mighty Sullivan, the largest known zinc mine, one of the largest lead mines, and one of the largest Canadian silver mines? If so, should Their Majesties occupy seats of royal purple plush on their two-mile ride underground?

The latter question sounds rather ridiculous in respect to a young king who as a youth ran up the ratlines of a naval training ship, and later swung up hand-over-hand into the main chains of warships, and who a couple of years ago had muscles hard enough and co-ordinated eyes and nerves keen enough to make him a real threat for the British tennis crown, and in regard to a young Queen who no doubt has tramped Scottish moors and Scottish glens with the best of them pretty recently. But it is a question being asked in the East.

If the Sullivan mine should win the honor, no doubt it would later have a King George stope and a Queen Elizabeth stope, as it now has a Prince of Wales stope.

But The Financial Post has taken a poll, presumably in the East, and discovered a sentiment for the Frood mine, with its great nickel operation, as the representative Canadian mine.

Manitoba and Ontario
Port Arthur News Chronicle

Speaking of Manitoba and Ontario, The Financial Post says they are both "great provinces mutually dependent on each other for prosperity; mutually concerned about preserving the national well-being."

Sure: see the amount of business going out of the Ontario Red Lake and adjacent mining fields to Manitoba rather than to Ontario cities like Port Arthur and Fort William.

In the Mail . . .

National Leadership

Editor, The Financial Post:

Thank you very much indeed for your article on the Waste of Leaderless Women in Canada. Also for the article which followed last week on another aspect of human wastage.

I have been very much impressed, and I am sure many other people have too, by the wisdom of the views expressed and by the value of the lead you are giving to public opinion on matters of supreme human, as well as national, importance.

E. J. URWICK.

Toronto.

Youth Training Programme

Editor, The Financial Post:

I'm glad you are bringing the matter of the Youth Training Programme before your public.

Each of us gets very concerned in his own job and, although we see a great need for such a plan, we don't find time to take an active part in it. We tried to co-operate with the representative who was in this district last year, but found it very difficult, because of his immaturity, and other things that go with lack of experience. In your article, you place your finger on this point when you suggest better leadership.

I hope you'll keep at this. I believe that our organization should attempt to supply one or two personalities who could give an effective lead in this field. We've had a great deal of experience close up to the men in this work. Mr. W. R. Cook of our National Council would be just the man if our National body would release him.

GORDON GAULD.

General Secretary,
Y.M.C.A., London, Ont.

Fishermen's Bounty

Editor, The Financial Post:

As a subscriber and reader of your paper for sometime, I wish to remind you of what you said in your last issue in regards the fishing bounty, and the attitude toward the poor fishermen of the Atlantic.

You seem to begrudge this small sum of $160,000 to the fishermen and seem to think it could be put to a better use in order to help out taxation. I myself don't think it could be put to a better use as even though small, it helps the fishermen. I think the Government could find a better way to eliminate waste in public business than this.

As you know, this bounty money does not come out of taxation and does not cost you or I one cent as it was given the Dominion Government in 1882 to the amount of six millions of dollars by the United States Government for the right of Americans to fish outside our three-mile limits. So the $160,000 paid to our fishermen for bounty does not cover the interest each year on the six millions.

If you only knew the conditions of the fisherman about this section and elsewhere, you would know the dire need of whatever they can get. If something does not turn up soon to their advantage they will have to be paid a great deal more than a small bounty from the Government.

Why shouldn't the fishermen be paid a bounty? They are just as great and earnest producers as the western farmer, yet the latter can get all kinds of loans from the government for farming implements and land, and the fisherman can't get a loan for even a net or a small boat. I am surprised to read such an article about the fishing bounty on your front page, as The Financial Post is regarded as the foremost financial paper of Canada.

AUSTIN R. LANK.

Campabello, N.B.

Story of the Bounty

Editor, The Financial Post:

In your issue of Dec. 10, you give prominence to an article under "Public Waste—No. 3"—Fisherman's Bounty, and you comment that "this payment savors of public waste." As you state, this is an annual bounty, totaling $160,000 paid to those engaged in sea fisheries—owners of vessels and boats, and fishermen engaged in them. You suggest that this grant is paid by the Canadian taxpayer.

It would seem that a journal that presumes to enlighten the Canadian public on business matters should familiarize itself with the facts before denouncing a matter of this kind.

The Washington Treaty between the United States and Great Britain was signed in 1871 and had reference to the Alabama Claims, the Fisheries question and other matters. The treaty provided that a tribunal of arbitration should be created. This Tribunal met at Geneva in 1872 and awarded the United States $15.5 millions for Alabama damages, and declared that Great Britain was entitled to extra compensation for throwing open, under the treaty, to the United States, the inland fisheries of the Atlantic coast. It also declared that a commission should be appointed to determine the amount to be paid. This commission, known as the Halifax Fisheries Commission, sat at Halifax, N.S., in 1877-8 under the chairmanship of M. De la Fosse, a Belgian Minister at Washington, and to which Sir Louis H. Davies was British Counsel. A compensation of $5.5 millions was awarded. Of this sum, one million dollars was paid to Newfoundland, and the balance to the Government of Canada. This sum created a fund from which the Canadian Government pays the estimated amount of $160,000 per annum to the sea fishermen, along the Atlantic.

From the foregoing, it will be seen that the Canadian Taxpayer makes no contribution to this bounty and the fund wholly belongs to the fishermen whose rights to fish in the territorial waters were traded to the foreigner in the United States.

Yes, as you state, the individual fisherman receives little benefit, but the western people of Ontario never know how important the small sum of $7 is to the poor Maritime fisherman.

Yours truly,
A. J. McCORMACK.

Edmonton.

Stop Me If

Wife (apologetically)—"I took the recipe for the Christmas cake out of the cookery book."

Husband (tactfully)—"You did quite right, darling. It never should have been put in."

eek in Business

Outlook for Business Regarded As Favorable

Usual Midwinter Dullness Expected to be Brief — Most Inventories Light — General Volume in 1938 Down About 7½%

Two traditions have long been associated with the first month of the year in most parts of Canada—the January thaw and the January business slump.

Due to the extra dose of balmy temperatures in December and November, the law of averages is against any prolonged mild spell next month. As for the usual business lull there would seem good reasons for believing that this should be less prolonged than usual.

* * *

Of first importance is the fact that business both in Canada and United States has recently been pointing sharply higher. Manufacturing, generally, has been more active. Export trade has been picking up. Of almost equal importance is the fact, that almost everywhere inventories are low or only moderate.

This is in striking contrast to the overloaded conditions of a year ago. With only routine business most factories will have to continue buying commodities on the same steady scale of the last two months; with any improvement there will have to be immediate extra buying in many lines.

* * *

In addition to routine business Canada looks to her forest industries at this season of the year for development of new wealth. Outlook 12 months ago was none too good. Newsprint and lumber stocks were abnormally high. Price of newsprint was higher, but the demand was shrinking sharply. Lumber prices were falling, ocean freights advancing and demand both in the domestic and export field was slumping. As a result many lumber camps took a prolonged winter holiday, but with no holiday enthusiasm.

At the beginning of 1939 the situation in both these industries is substantially improved. Troubles are not over completely, but at least surplus stocks have been reduced and demand is better. Moreover, with a continuance of recent American recovery it is certain that new and greater demand must soon develop south of the border.

* * *

Looking back over 1938 it would appear that average Canadian business suffered a volume loss from 1937 of about 7½%. This is about the extent that carloadings, employment and output of electric power have fallen behind the previous year.

Some industries, of course, such as mining, especially that concerned with base metals, have soared considerably above the 1937 level. Others, like construction, steel, automobiles have fallen below. A few important lines, notably foreign trade, livestock sales, bank debits and railroad net revenues have been more seriously hit.

On the whole, however, the year now closing has not been a bad one; not as good as 1937 but much better than 1936. It has been disappointing, it is true, but largely because the sharp recovery which commenced back in the early part of 1934 has not continued.

Business Indicators

Current business dull, with little improvement in mid-December index of Dominion Bureau of Statistics.

Department store sales show slight gain in November.

Carloadings for third week in December show little change from recent trend which has been running about 7½% below a year ago.

Railway gross earnings recently continue to show slight gain above year ago.

Motor car financing of used vehicles above 1937 level in November, that of new vehicles below.

Life insurance sales in November down slightly from a year ago and cumulative for 11 months 2.4% behind.

Current trend in Canadian business shown by The Financial Post index of business activity. New figures for the week marked thus▲.

	Dec. 17	Dec. 10	Dec. 3	Nov. 26	Dec. 18/37
Commodity prices	73.4	73.3	73.4	73.5	82.8
Weekly index ▲	104.5	104.6	106.1	106.6	104.9
	Nov.	Oct.	Sept.	Aug.	Year Ago
Financial Post index	■119.7	115.7	112.6	109.2	126.4
Retail index no. of sales	....	80.4	79.2	76.4	80.4
Dept. store "	79.3	77.3	76.8	74.7	79.9
Wholesale "	....	97.9	106.7	98.2	107.4
Country (% change) fr. last yr.	....	....	—3.9	—0.8	....
Employment D.B.S. Index—					
	Nov. 1	Oct. 1	Sept. 1	Aug. 1	Year Ago
All industries	114.6	116.7	115.1	112.1	125.2
Manufacturing	110.9	112.5	113.8	110.0	119.0
Wage earners, No. (000)	....	....	2,402	2,378	2,587
Living costs§	....	$17.35	$17.41	$17.70	$17.51
	1938	1937	Jan. 1 to date 1938	1937	% Change
Railways—					
Carloadings, week (Dec. 17)	▲42,078	47,598	2,359,084	2,552,054	—7.6
C.N.R. gross, week (Dec. 21) $	▲3,514,877	3,657,690	177,625,918	193,177,315	—8.0
C.P.R. gross, week Dec. 14) $	2,741,000	2,727,000	135,985,000	138,406,000	—1.7
C.P.R. net revenue (Oct.). $	6,046,430	4,279,107	13,377,224	17,353,048	—22.9
C.N.R. net revenue (Oct.) $	4,650,861	3,431,576	2,195,607	13,959,438	—84.3
Iron and Steel (November)—					
Pig iron production (tons)	46,216	81,463	651,718	816,824	—20.2
Steel ingots and castings prod. (tons)	90,120	110,688	1,077,381	1,302,677	—17.3
Automobiles (Number)—					
Passenger Cars:					
Domestic sales* (Oct.)	5,392	4,356	81,044	100,741	—19.6
Factory output (Nov.)	15,423	13,793	109,563	138,987	—21.2
Trucks and Buses:					
Domestic sales* (Oct.)	1,124	1,491	23,268	27,253	—14.6
Factory output (Nov.)	2,569	2,781	37,909	47,361	—20.1
Exports (Nov.)	2,746	3,066	52,785	62,574	—15.6
Financing (Nov.):					
Used $	▲2,149,220	2,068,064	33,616,463	33,303,047	+0.9
New $	▲1,916,013	2,378,587	31,417,998	38,156,742	—17.7
Construction—					
Contracts awarded (Nov.) $	15,019,700	14,716,300	176,592,400	213,293,100	—17.2
Cement, bbls. (Sept.)	701,327	942,196	4,224,965	4,792,317	—11.9
Agriculture—					
Flour prod., bbls. (Oct.)	1,906,385	1,489,185	11,088,504	11,118,378	—0.2
Flour exp., bbls. (Nov.)	447,875	405,921	3,546,801	3,749,333	—5.4
Wheat exp., bus. (Nov.)	21,703,514	14,542,227	98,195,773	89,372,080	+9.8
Cattle sales (Oct.)	93,902	126,578	638,279	853,211	—25.1
Hog sales (Oct.)	63,589	90,274	569,220	835,262	—33.0
Sea Fisheries (Oct.)‡—					
Catch, cwts.	1,029,650	848,800	8,085,530	7,987,623	+1.2
Landed value $	1,402,320	1,030,090	15,935,752	15,550,638	+2.4
Newsprint (tons)—					
Production (Nov.)	245,295	302,878	2,414,827	3,354,405	—28.0
Exports (Nov.)	245,812	315,642	2,213,197	3,146,435	—29.6
Mining and Oils—					
Coal prod., tons (Oct.)	1,483,709	1,712,369	11,333,734	12,559,259	—9.8
Coal imports, tons (Oct.)	1,457,481	1,837,501	10,938,485	13,386,677	—18.4
Gold prod., fine oz. (Oct.)	411,263	359,395	3,871,956	3,380,735	+14.5
Nickel prod., lb. (Oct.)	16,101,779	18,495,529	175,964,854	185,467,649	—5.1
Copper prod., lb. (Oct.)	49,356,139	51,915,082	490,572,600	430,012,972	+14.1
Crude oil prod., bbls. (Oct.)	685,088	342,557	6,001,662	2,245,725	+167.7
Crude oil imp., bbls. (Nov.)	3,669,886	4,560,443	33,867,518	37,057,780	—8.1
Electric Power Output (Oct.)—					
Total monthly m.k.w.†	2,329,428	2,365,052	21,268,733	22,711,255	—6.3
Foreign Trade—					
Imports (Nov.) $	63,303,669	80,640,504	633,165,368	755,771,286	—16.2
Exports (Nov.) $	94,075,188	107,817,516	886,273,831	1,046,473,513	—15.3
Other Industrial Factors—					
Dressed lumber exp.:					
M. bd. ft. (Nov.)	156,875	148,112	1,509,826	1,725,058	—12.4
Shoes, prod., pr. (Oct.)	1,760,996	1,984,112	18,582,752	21,100,634	—11.9
Cotton, imports, lb. (Oct.)	17,639,000	19,113,000	103,699,000	121,287,000	—14.5
Raw rubber imp., lb. (Nov.)	6,994,635	10,722,688	52,639,176	75,216,048	—30.0
Cigarette cons. (Nov.) No.†	599,736	578,389	6,351,250	6,153,267	+3.1
Sugar manufactured, lb.§	158,865,134	158,494,897	792,999,928	822,174,714	+3.5
Finance—					
Bank debits (Oct.) $	2,932,817	2,905,802	25,010,198	29,159,030	—14.2
Bond sales (Nov.)	$100,852,707	222,681,218	1,051,949,345	1,208,272,189	—12.9
Life insurance (Nov.)	$▲36,611,000	38,020,009	344,078,000	352,733,000	—2.4

*D.B.S. All-Canada figure comprising over 90% of the Canadian total.
†000's omitted. §For four weeks to Oct. 8, 1938.
‡Unrevised figures covering N.S., P.E.I., N.B., Que., B.C.
§For average family per week, food, fuel, rent. ■Revised.

Record Your Investments

The end of the year is a suitable time to record your investments and have them reported on.

Our "Record of Securities" folder will enable you to list bond and share holdings, interest and dividend payments, etc., in convenient form. We shall be glad to send you a copy on request, and also to review your holdings if desired.

Royal Securities Corporation
Limited
244 St. James Street
Montreal
330 Bay Street
Toronto 2
Halifax, Saint John, Quebec, Ottawa, Winnipeg, Calgary, Vancouver, Charlottetown, Hamilton, St. John's, Nfld., London, England.

Hydro Load Up For November

All Sections of Ontario System Make Good Showings

All divisions of the Ontario Hydro-Electric Power Commission showed gains in load in November as compared with November a year ago. Northern Ontario properties continued their good performance with a 21.4% rise in primary load but only 15.6% when both primary and secondary load is considered.

The Niagara system, most important industrially, shows a gain of 2.4% in primary load and 19% in combined primary and secondary loads.

Details of comparative figures follow:

Maximum 20-Min. Peak Horsepower

System	Nov., 1938	Nov., 1937	% Incr.
Primary Load:			
Niagara	1,143,164	1,116,890	+2.4
Eastern Ontario	131,066	125,804	+4.2
Georgian Bay	32,956	30,328	+8.7
Thunder Bay	90,107	87,788	+2.6
Nor. Ont. prop.	155,729	128,258	+21.4
Total	1,553,022	1,489,068	+4.3
Primary and Secondary Loads:			
Niagara	1,407,239	1,182,171	+19.0
Eastern Ontario	161,414	146,843	+9.9
Georgian Bay	32,956	30,328	+8.7
Thunder Bay	134,008	133,137	+0.7
Nor. Ont. prop.	213,370	184,558	+15.6
Total	1,948,987	1,677,037	+16.2

B.C. Power Reports Increase In Gross

Net Profit Declines Due to Increase in Expenses

From Our Own Correspondent

MONTREAL.—Gross earnings of British Columbia Power Corp. increased in November but expenses were also higher so that net profit available for the class A stock was lower. The balance available for class A shares was $198,195, a decrease of $7,976 from the same month of 1937.

Cumulative returns for the first five months of the current fiscal year show an increase in gross earnings of $66,825 in gross earnings. Expenses in this period increased $107,494 so that net profit is down $40,669.

	1938	1937
Month of November		
Gross earnings	$1,291,341	$1,267,410
Less: Expenses	902,745	867,838
Int., pref. divds.	190,401	193,401
Bal. for "A" stock	198,195	206,171
Five Months Ended Nov. 30		
Gross earnings	$6,267,845	$6,201,020
Less: Expenses	4,493,717	4,367,423
Int., pref. divds.	951,203	970,003
Bal. for "A" stk.	822,925	863,594

Board of Education Needs $1.1 Million

Reorganization of System of Protestant Education Recommended

From Our Own Correspondent

MONTREAL.—An additional $1.1 million annually is required to meet the needs of the Protestant Board of Education in Greater Montreal, according to the report of the Survey Committee appointed by the Protestant Committee of the Quebec Council of Education.

It further states that this additional amount should be increased to $2 millions in seven years.

In effect, this would mean an increase of three mills in the tax allocation for educational purposes. The report suggests this additional three mills should not be obtained through an increase in the total tax levied but by a reallocation of the proceeds of the tax on real estate.

The Survey Committee made a wide canvass of many taxation suggestions to increase revenue. As its enquiry progressed, however, it became convinced that no good argument could be advanced for a departure from the present methods of school taxation. Real estate taxes have been the mainstay of school funds for over 70 years and have many advantages unique to themselves. Among these advantages are the harmonious relations between Catholics and Protestants.

Reassessment and taxation at a uniform rate of properties of the neutral panel outside the Greater Montreal Area to provide an immediate annual increase of $400,000 in revenue for these districts is suggested. The additional revenue would be divided between Protestants and Catholics.

Vancouver Lists Paper Firm Stock

Stock of Westminster Paper Co. was called for trading on the Vancouver Stock Exchange on Dec. 19, 1938. Ticker abbreviation is WP. The listing covers the authorized capital of 50,000 shares of $10 par value. Of these 47,789 were issued for cash and 2,211 are held in the treasury.

The company has $204,500 of 6½% first mortgage debentures, due April 1, 1950, outstanding and of these about $90,000 are in the hands of the trustee for the sinking fund. As at Jan. 31, 1938, the amount of funded debt outstanding was the same but only $74,500, plus $5,472 in cash, was held by the trustee for the sinking fund.

Aircraft Workmen Study British Methods

From Our Own Correspondent

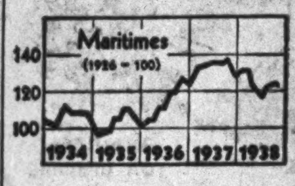
MONTREAL. — About 50 skilled Canadian workmen will be sent to England in the near future to learn the technical details of aircraft construction.

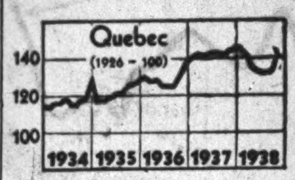
Instruction is to be under the direction of Lewis Ord, Canadian-born aircraft expert who has been appointed general manager of Canadian Associated Aircraft Co. Mr. Ord has been production manager of Britain's air armament programme and is credited with the introduction of large scale mass production methods in the aircraft industry in Great Britain.

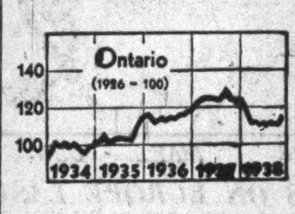
The instruction to the Canadian workmen will be in the manufacture of Handley Page "Hampden" heavy bombers. The Canadian Associated Aircraft Ltd. has an initial order for 100 planes of this type.

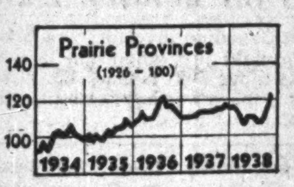
Improvement Is Reported From All Canadian Areas

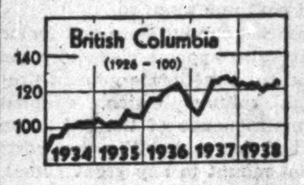
The excellent showing recorded by business activity in the five economic areas of Canada in the later months of the year was climaxed by general advances during November. The regional indexes which had shown some recovery from midsummer to October moved up unanimously. Employment, after seasonal adjustment, showed gain in Quebec, Ontario and British Columbia. Bank debits and sales of life insurance also made a strong showing in most of the economic areas. Steel and automobile production and livestock slaughterings recorded gains in Ontario. Increases in the new business obtained by the construction industry were apparent in the Maritime Provinces and British Columbia. Details are as follows:











Trend of Business in Economic Areas

	Nov., 1938	Change Nov., 1937 %	Oct., 1938
Maritimes:			
Constr. contracts ... $	1,245,000	—3.3	1,241,000
Bldg. permits ... $	417,000	+66.8	131,000
Life ins. sales .. $ 000	2,456	—11.1	2,218
Bank debits . $ 000,000	60.7	+3.1	52.7
Elec. pwr. .. kw.h. 000	76,581	—3.3	76,490
Employment*	109.8	—10.4	112.6
Shipping, Halifax, tons	298,841	+9.3	258,965
Exports ... $	6,209,175	—7.4	6,394,069
Index	124.1	—3.8	123.7
Quebec:			
Constr. contracts ... $	6,084,000	—0.3	6,266,000
Bldg. permits ..... $	1,521,000	+47.4	2,868,000
Life ins. sales .. $ 000	8,904	—19.6	8,142
Bank debits . $ 000,000	984	+6.6	945
Elec. pwr. .. kw.h. 000	1,009,897	—2.8	975,057
Employment*	121.7	—6.1	119.7
Imports of cotton, lb.	376,090	—15.5	392,512
Newsprint prod., tons	245,295	—18.8	254,872
Index	140.3	—3.0	137.7
Ontario:			
Constr. contracts ... $	5,790,000	+7.5	7,880,000
Bldg. permits ..... $	2,014,000	—23.3	4,553,000
Life ins. sales .. $ 000	16,599	+1.7	14,202
Bank debits . $ 000,000	1,256	—6.4	1,160
Elec. pwr. .. kw.h. 000	762,522	—3.7	735,609
Employment*	114.4	—9.1	115.0
Livestock slaughtering*	142.6	—9.1	133.3
Steel prod. ...... tons	90,120	—18.6	76,256
Auto. prod. ...... No.	17,992	+8.6	5,774
Index	114.2	—9.9	112.0
Prairie Provinces:			
Constr. contracts ... $	1,304,000	+27.6	2,008,000
Bldg. permits ..... $	359,000	+15.4	1,522,000
Life ins. sales .. $ 000	5,537	+8.5	4,637
Bank debits . $ 000,000	493	+13.3	631
Elec. pwr. .. kw.h. 000	201,940	+3.5	188,125
Employment*	103.5	+3.0	106.1
Wheat receipts .. bus.	21,395,000	+106.8	64,337,000
Wheat prices	59	—56.2	61/4
Index	122.8	+4.6	121.9
British Columbia:			
Constr. contracts ... $	596,000	—35.0	716,000
Bldg. permits ..... $	577,000	—18.2	514,000
Life ins. sales ... $ 000	2,685	+1.7	2,296
Bank debits . $ 000,000	171.5	+2.6	187.0
Elec. pwr. .. kw.h. 000	2,209,694	—2.6	2,168,974
Employment*	105.8	—1.6	107.5
Exports ... $	13,316,294	—1.1	4,444,659
Index	123.7	—2.7	123.3

*1926=100.

Background of Business

Green in Favor

Green promises to be one of the most popular colors in men's wear apparel in 1939, according to Men's Wear Merchandising. Recently this color has been increasingly prominent in suits, shirts, ties and hose. At first the green color was tinged with blue but recently, it is reported, truer greens are coming out and in neckwear, at least, solid green tints are now being requested.

* * *

Market for Appliances

Hardware and Metal foresees a wider market for electrical appliances in Quebec as a result of the gradual extension of rural power lines in that province. Says H. & M.:

"When a rural power line is completed and farms become hooked up with this new energy, the farmers are very much interested in a home lighting system, and a water pressure system is probably one of their first requirements. Then follows a demand for power equipment to drive machinery in the barn and dairy buildings. With the addition of a water system comes a desire to have a complete bathroom outfit in addition to the kitchen sink and the piping in the barn for watering cattle. The farmhouse is gradually but steadily equipped with the many electrical home appliances available."

* * *

Better Farm Prices

Although cautious, the Dominion Department of Agriculture seems to agree with its counterpart in the United States, that farm prices in 1939 are going to register an improvement over the year just closing. A considerably better demand is anticipated in several lines including livestock, meat, dairy and poultry products. Probable exception would be butter which at present is accumulating surplus in Canadian cold storage. In neither countries is very great optimism expressed in regard to wheat prices.

* * *

Hardware Prices Steady

Catalogues for 1939 covering hardware lines show little price change from the year now closing, according to Hardware and Metal. Turpentine appears to be holding steady but linseed oil is slightly higher. Some farm steel products are slightly higher but fence wire is unchanged and barbed wire lower. Garden implements remain about the same. Imported glass is expected to be lower.

General hardware sales are reported to compare favorably with a year ago and Christmas sales are heavy.

* * *

Returned Goods

Apparently women recipients of Christmas presents are not the only ones guilty of returning goods indiscriminately. Recently Hardware and Metal reports a spread of this practice among retailers. One wholesaler reported that this year at the end of the open season he had received back from a dealer two screen doors, a number of window screens and two lawn mowers. Some retailers even have the courage to send these back freight and cartage collect. Goods have been returned even where the dealer has given specific instructions in regard to shipping an order. Comments Hardware and Metal:

"Before this practice gets entirely out of hand and becomes more serious it is believed that some steps may have to be taken to educate the retailers to the fact that return of goods in an unrestricted manner, raises the operating costs of the wholesaler. This must be taken care of in the wholesalers' prices to the trade. Some wholesalers are said to favor a charge of 5% to 10% to be taken from credit notes on merchandise returned without the special permission of the wholesaler."

Foreign Exchange

AT TORONTO AND MONTREAL

U. S. Dollar	High	Low
Dec. 26	—Holiday—	
Dec. 24	1.01	1.00 11/16
Dec. 23	1.01 1/16	1.00 11/16
Dec. 22	1.01	1.00 11/16
Dec. 21	1.01 1/32	1.00 11/16
Dec. 20	1.01 1/32	1.00 11/16
U. K. Pound		**Closing Last Year**
Dec. 26	.....	5.00⅝
Dec. 24	4.71¼	5.00¼
Dec. 23	4.71	5.00⅜
Dec. 22	4.71½	5.00⅛
Dec. 21	4.71⅝	5.00½
Dec. 20	4.71	5.00⅛

Other Currencies, Dec. 24

Australia	3.77⅝	Italy	.0531
Belgium	.1703	Japan	.2750
Czecho.	.0346	Jugoslavia	.0235
Denmark	.2104	N. Zealand	3.80⅜
France	.0266	Norway	.2368
Germany	.4051	S. Africa	4.70⅝
Greece	.0087	Sweden	.2427
Holland	.5490	Switzerland	.2281
Hungary	.2000	Hong Kong	.2945
India	.3526		

Urges Support Local Industry

Brief Says Expansion Would Solve Winnipeg's Problems

In its brief to the Royal Commission on the municipal finances and administration of Winnipeg, the Industrial Development Board of Manitoba stresses the importance of industrial development in the province as a means to solving the city's administrative and financial problems.

This board, formed in 1925 to study changes in the city's economy and the changing condition of industry, has conducted an extensive survey to bring the entire industrial picture into focus.

The brief states that "for the present, we need merely to point out that the possibilities for industrial development in Winnipeg and Manitoba remain as inviting as they were when the Industrial Board first surveyed them and that in them lies at least one approach to the solution of this city's financial problems."

West Not Static

It is stated that approximately 70% of the wages paid by industries in Manitoba are earned in Winnipeg. In 1936, there were 16,673 employed in manufacturing concerns in the city, out of a total of approximately 22,000 in the province.

On a basis of four persons to a family, the 16,673 jobs were supporting 66,692 persons, approximately 30% short of the city's population.

If manufacturing industry increases 25% in the next two years, the board sees support for an additional 16,000 persons.

Cotton Industry Activity Declines

Returns in November Indicate Contra-seasonal Trend in Operations

From Our Own Correspondent

MONTREAL.—Canada's cotton industry experienced a further contraction in activity during November, according to statistics released by the Cotton Textile Industry.

The index of cotton consumption dropped during the period to the second lowest level of the year to date, the previous minimum being shown in July.

Goes Against Trend

The decline in November was reported to be contra-seasonal, and is attributed principally to the low ebb of general business conditions.

Raw cotton consumption last month amounted to 18,247 equivalent 500 lb. gross sales, as compared with 19,293 sales in October, and 20,406 in September. The index of consumption stood at 94.6 against 111.1 in October; 136.3 in September and 110.4 in November, 1937.

Individual Investment Requirements

No two persons have quite the same circumstances or obligations to consider in managing their investment affairs. It is the aim of this organization to make such investment suggestions as will best suit the specific requirements of individual clients.

Inquiries are invited at our Branch nearest to you

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A summary of Canadian business statistics for 1938.
•
JANUARY INVESTMENT LETTER
A list of offerings for the investment of January Funds.
Copies of the above will be mailed upon request.
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C. N. R. Officers Are Promoted

From Our Own Correspondent

MONTREAL.—The Canadian National Railways has announced three senior officers of the railway will retire at the end of the year.

W. A. Kingsland, vice-president of the central region retires on pension. He is to be succeeded by F. L. C. Bond, general manager, who is to hold the dual position of vice-president and general manager of the central region, with headquarters at Toronto.

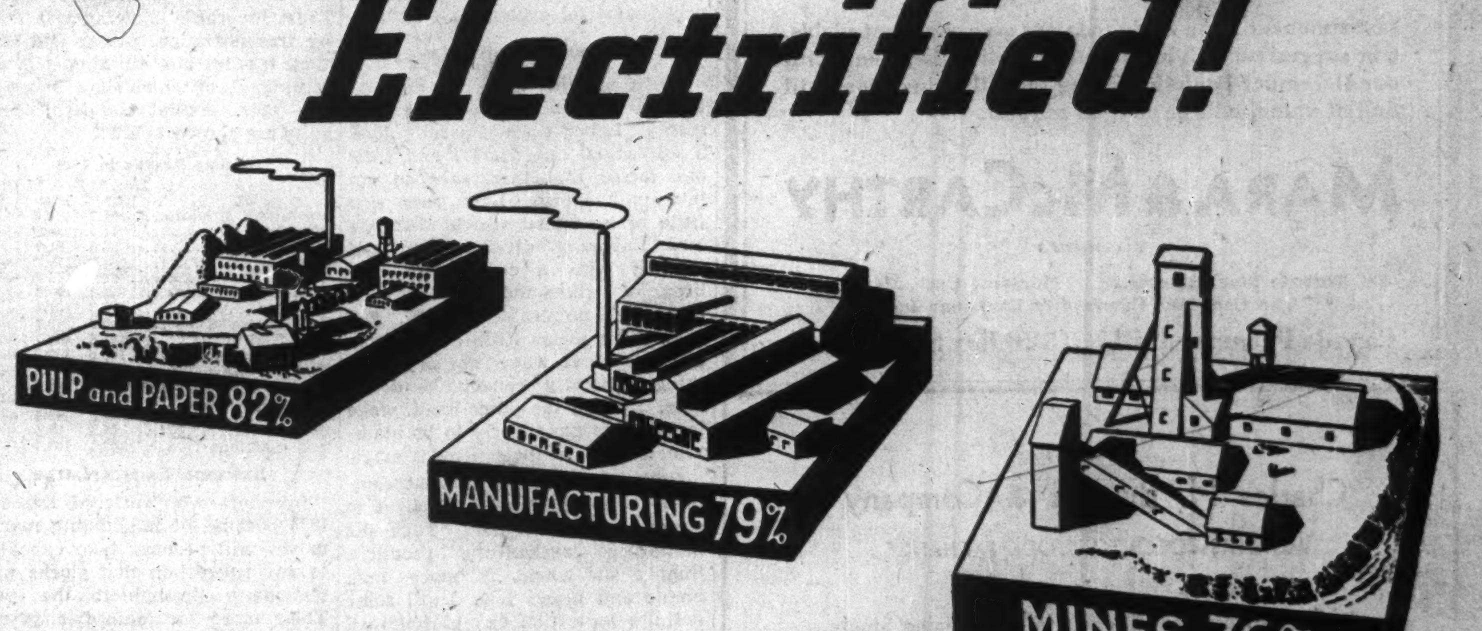
C. G. Bowker, vice-president and general manager of the Grand Trunk Western Lines, part of the C.N.R. system in United States, also retires. P. D. Fitzpatrick, heretofore chief engineer, is appointed to succeed him as general manager of Grand Trunk Western Lines with headquarters at Detroit.

Dr. W. J. Black, director of colonization and agriculture, is to be succeeded by J. S. McGowan, assistant director of the department.

S. W. Fairweather, director of the railway's bureau of economics, is appointed chief of research and development.

Jamaica Public Service — This Canadian-owned utility registered a relatively big increase in October earnings, and again in November. There is no particular reason for the gain, except that the higher wages paid on the Island are having their influence in increasing the standards of living.

Canada's Industries are Electrified!



For increased production and greater economies ... use

GENERAL ELECTRIC EQUIPMENT

WITH the ever-widening use of electric power, Canada's industries are accelerating the rate of production and substantially lowering operating costs. This is particularly true in mining, pulp and paper, and manufacturing—industries which contribute greatly to Canada's progress.

Today, each of these three great industries is more than 75% electrified.

In the generation and distribution of electric power, Canadian General Electric has played a dominant part. Each year, more and more plants are being modernized with General Electric Equipment.

Are you using electricity to the best advantage in your business? A Canadian General Electric representative will be glad to show you how electrical modernization steps up production and achieves new economies.

CANADIAN GENERAL ELECTRIC COMPANY LIMITED
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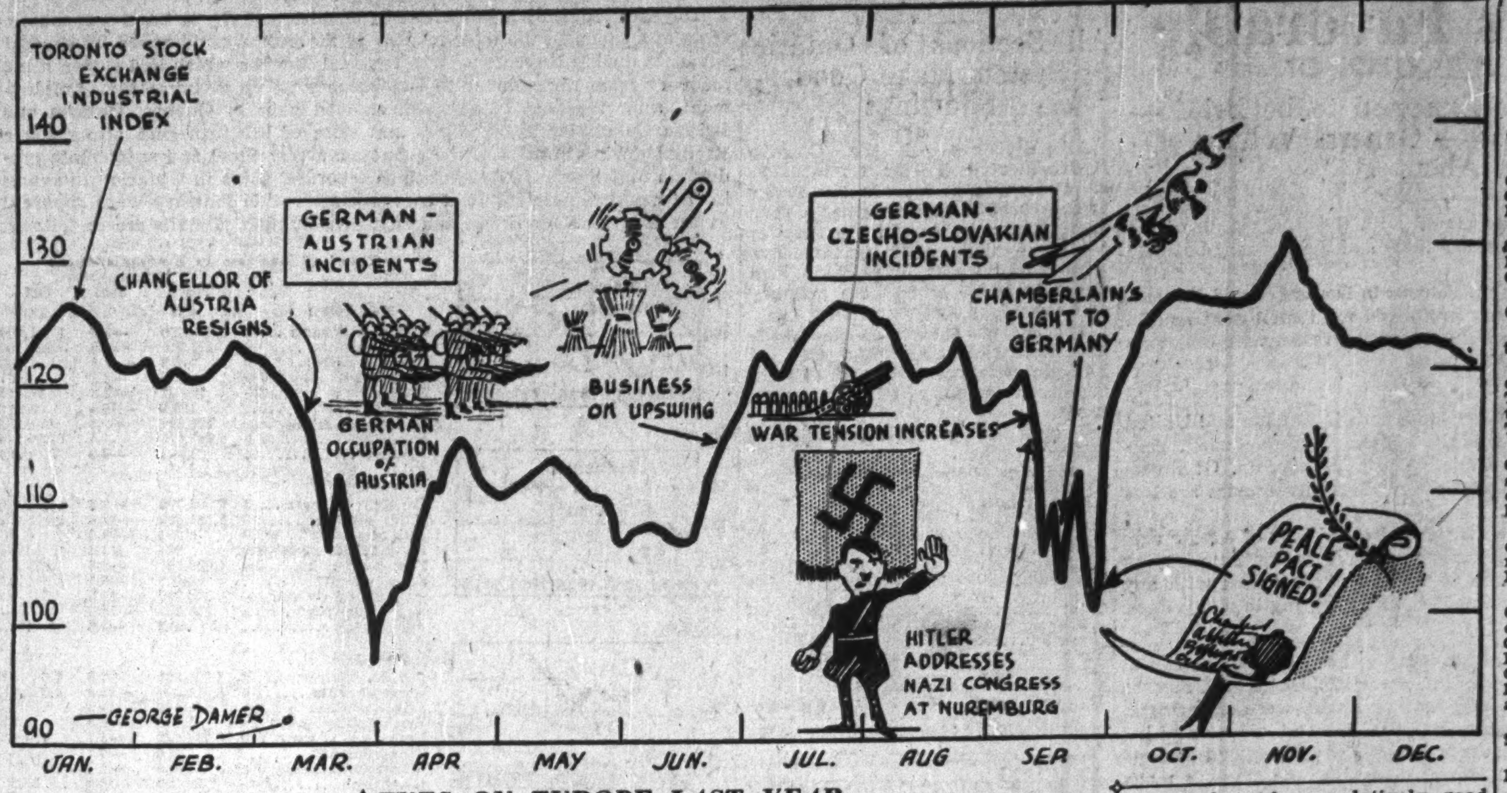
Sydney, Halifax, St. John, Quebec, Sherbrooke, Montreal, Ottawa, Toronto, New Liskeard, Hamilton, Sudbury, London, Windsor, Fort William, Winnipeg, Regina, Saskatoon, Lethbridge, Edmonton, Calgary, Trail, Kelowna, Vancouver, Victoria.

The Investor Looks Ahead at 1939 Stocks



EYES ON EUROPE LAST YEAR

That Canadian investors would have been most successful if they could have foretold just when and in which direction Europe's dictators were going to move next is made clear from the above chart. It would be comforting if there was any assurance that a similar condition will not prevail in 1939.

By A. D. ELLWOOD,

Staff Writer, The Financial Post

Investors everywhere are hoping for better things from 1939 than 1938 has given to them.

Stocks enter 1939 with an optimistic tone noticeable toward the probable course of stock prices. In place of the sour note on which 1937 ended we find business making rapid gains.

There is a natural tendency for a forecaster who finds latest available business figures moving rapidly upward when stock prices have apparently not reflected a similar move, to expect more favorable action from stocks to overcome the discrepancy. That is seemingly the situation at the end of 1938. But there are some signs that business will have slackened its pace when final figures for December are issued. This is a normal move in a country with extremes of seasonal fluctuations such as Canada.

As always, trend of profits, volume of production, commodity prices, profit margins or conversely industrial costs, interest rates and investor psychology will all play a part in governing stock prices.

Not all of these factors are going to act independently. For example, corporate profits are going to be influenced by trend of profit margins which in turn will be governed by costs and production volume as well as selling prices. But among them are going to be found most of the items that are going to influence stock prices next year as they have in the past.

Special Conditions

Another set of factors that might be termed unusual could be summarized as follows:

(1) Unsettled political situations, particularly in Europe.

(2) Government control of business and industrial activity in almost all countries.

(3) Foreign exchange fluctuations, with which are tied up the prevalence of managed money in many countries.

(4) Intense nationalism which manifests itself chiefly as restrictions on international trade, a matter of importance to Canada.

Corporate earnings should make a favorable comparison with 1938. There is still a balance of unsatisfied needs in this country. Depreciation and obsolescence seem to have continued at a more rapid rate than have replacements. It is still generally admitted, for example, that building is behind the levels that it should attain if residential needs, in particular, are to be satisfied. Our railroads may not be in a position to do a great deal, but their pressing needs should make some purchases and improvements inescapable.

One good crop in western Canada has not been sufficient to induce farmers generally to catch up on their worn-out equipment. Other examples could be stated but it still seems that, if and when conditions are favorable, this country can expect industrial expansion.

Labor Costs Stable

Profit margins are something on which available information is scanty. Labor costs generally took a substantial rise in 1937 and were one factor that threatened to cut into unit profits. Last year saw little or no added rise in this factor. Labor conditions were not marked with a comparable outbreak of strikes and disorders such as was so noticeable in 1937. For 1939, there seems little or no prospect for lower wages nor is such a thing generally considered desirable. But, on the other hand, wage levels seem most likely to be maintained close to their present stage.

Outlook for prices of most commodities for 1939 is not such as to suggest any great rise. Take the matter of agricultural products. Supply of wheat is more than ample and prices low. Until some definite indication can be obtained as to the probable size of 1939 crops, there seems little reason to expect that this important product will show any spectacular rise. Actually it would make little real difference to the western Canadian farmer who produced the grain now as to what happened to prices. He is protected by the Dominion's minimum price of 80 cents a bushel and farmers have mostly disposed of their wheat by this time. But it would be very important to all of Canada in relieving the Dominion treasury of what threatens to be a serious loss.

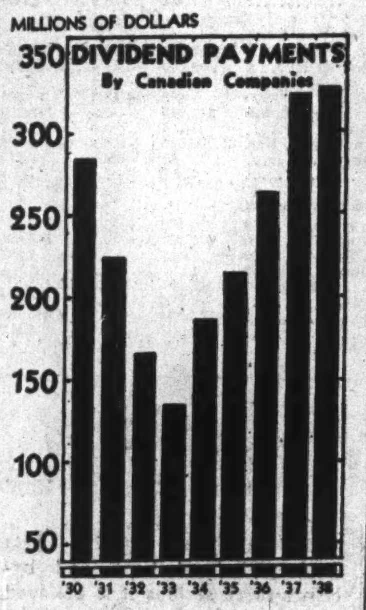
At the moment there seems little on the side of either supply or demand to indicate that present relatively low-priced inventories of most raw materials cannot be replaced on favorable terms. This in turn should do much to protect the consumer against a too rapid rise in his costs of living.

In the matter of another important item of industrial costs, taxation, there seems little prospect of relief. But if business continues to improve there should be little excuse to impose higher levies.

More complete discussion of the possible trends of business in Canada in 1939 will be found elsewhere in The Financial Post. This is worthy of careful study by investors.

1938 Results Mixed

Actually 1938 has resulted in surprisingly small changes in most divisions, or groups, of stocks as measured by the indices prepared by the Dominion Bureau of Statistics. The comprehensive index of 96 common stocks was 5.5% higher at Dec. 15, 1938, than at Dec. 31, 1937. Some groups made a much more favorable showing than did others. Outstanding has been machinery and equipment, pulp and paper, food and allied products, beverages and industrial mines. Least favorable showing was made by transportation, power and traction, textiles and clothing, oils and milling, all of which show losses for the year. Actual comparative results are shown below:



DIVIDEND RECORD

Last minute dividend declarations have been kind to Canadian investors this year.

Since The Financial Post published its first estimate of December dividend payments, additional declarations have amounted to $3.5 millions. This is sufficient to bring the December total to $94.1 millions, compared with $91.2 millions last year.

Thus a new all-time record of dividend payments by Canadian companies is indicated. The estimated total of $325.9 millions is $2.2 millions over the 1937 total. This in turn had exceeded the $284.6 millions of 1930, previous high record.

Group Results in 1938

	Dec. 31 1937	Dec. 15 1938	Ch'ge %
Machinery & equip...	101.7	135.4	+33.2
Pulp & paper	17.1	20.2	+18.1
Milling	82.5	81.7	— 1.0
Oils	185.2	179.2	— 3.3
Textiles & clothing ..	62.9	56.8	— 9.7
Food & allied prods...	153.6	169.3	+10.2
Beverages	110.3	137.8	+24.9
Building materials ...	133.0	140.8	+ 5.8
Industrial mines	381.6	461.7	+21.0
68 industrials	165.6	180.3	+ 9.2
Transportation	18.3	14.3	—21.9
Telephone & telegraph	125.1	128.0	+ 2.3
Power & traction	64.3	60.5	— 5.9
19 utilities	47.8	44.6	— 6.7
Banks	82.4	83.6	+ 1.5
95 commons	102.1	107.7	+ 5.5

Extreme Ranges Large

Investors who suffered losses in 1938 because of misjudging market moves will perhaps take exception to any suggestion that stocks were stationary throughout the year. Their more fortunate friends who made money have as good reason to dispute any such suggestion.

They are right. The stock market moves in 1938 were not all in one direction and they covered a good deal of ground. It was only the final result of all stocks that made little progress.

Using the same D. B. S. indices, the comprehensive index reached the low point for the past year on March 31 and the high point on November 12. This may not have coincided with similar points on all stocks, or even all major groups. But these levels will serve to illustrate the range of movements, as follows:

Range of Movement, 1938

	High Nov. 12	Low Mar. 31	Last Dec. 15
Machinery & equip.	147.1	90.3	135.4
Pulp & paper	23.1	12.6	20.2
Milling	86.6	66.5	81.7
Oils	184.6	156.2	179.2
Textiles & clothing	60.2	54.7	56.8
Foods & allied	170.3	145.7	169.3
Beverages	146.6	92.2	137.6
Building materials .	147.3	103.1	140.8
Industrial mines ..	486.6	331.0	461.7
68 industrials	189.1	142.0	180.8
Transportation	17.3	13.1	14.3
Tel. & telegraph...	127.4	111.9	128.0
Power & traction..	63.9	54.2	60.5
19 utilities	47.4	39.8	44.6
Banks	86.4	79.3	83.6
95 commons	112.8	87.9	107.7

Building Favored

Investors and business have been waiting and hoping for a worthwhile improvement in building and construction. The year just closing did not realize this hope. But there are some indications that a more favorable showing was made than the bare figures indicate. Residential construction, for example, whether stimulated by government assistance or not, exceeded 1937 figures in several months. Companies supplying materials largely used in residential construction have apparently made the best record in this group to date and should continue to do so.

A forecast for the pulp and paper industry also appears elsewhere. As it indicates a moderate gain in production volume which, coupled with maintenance of the $50 a ton price and the probability that costs will not mount to any great extent, should react favorably to this stock group. Always a speculative favorite in this country, the papers do not offer many of the higher calibre investment stocks but still seem reasonably attractive.

Milling Looks for Gains

Milling securities have reported what must have been close to an all-time record for an unsatisfactory year in 1938. As mentioned in the business forecasts in this paper, conditions have changed. Canadian milling concerns are able to compete on a favorable price basis with those in other countries. Thus a betbetter year is expected in 1939, based on competitive prices and an ample supply of wheat for milling.

Oil companies, that is the refining and distributing concerns, have not given a very satisfactory performance in the past year. Nor is there much in the immediate offing that would suggest a substantial change. If anything, oil and gasoline distributors are faced with the prospects of greater control and regulation of their business. Demand for gasoline and other petroleum products will undoubtedly gain as business picks up.

Textile Outlook Questioned

Textiles and clothing concerns are more difficult than the average to estimate. It is believed that the newly-signed trade agreements with the United States and Great Britain will have an effect, perhaps harmful, on operations of these companies. In any event these stocks are not popular with investors and have not given a record of very satisfactory performance recently in spite of fair earnings in many cases.

Food companies should do at least as well in 1939 as in 1938, so far as can be judged at present. They have been plagued, particularly the wholesale grocery concerns and the chain stores, by unsatisfactory price trends. Although there is little sign of better conditions arriving immediately, it is believed by close observers of the trade that the worst has been seen. This should result in a gradual improvement in both sales and profits. Under ordinary conditions such companies have a record of stable operations and earnings.

Beverages, Building Materials

The beverage group was one of the most satisfactory performers in 1938 with a gain for the group of 24.9 per cent. Just what to attribute this to is a little hard to ascertain definitely. It may have been the better-than-expected showings of the major liquor companies in the face of the depression in the United States. It may have been better results for the smaller concerns in Canada or merely a change in public psychology. But whatever the reason, there seems little reason to look for any unusual upset in the coming year.

For building materials the outlook is directly dependent on progress in re-establishing a satisfactory level of construction in this country. Opinion among most of those in the business is that the coming of spring in 1939 should see a sizeable revival. Residential construction is probably making a more favorable showing than other kinds. At any rate there are a few companies included in this group that have a good earnings record and financial position which should prove worthy of consideration in any investment programme.

Utilities Outlook Mixed

The transportation group made a sorry showing in 1938. The larger wheat crop apparently did not offset in actual revenue the drop in traffic in the industrial sections of eastern Canada. On top of this is the growing feeling that Canada's railway situation is exceedingly unsound. This engenders uncertainty as no one knows what the actual result, from the standpoint of holders of railway securities, would be of any constructive step toward a solution. Steamship securities are not in the same position with regard to a possible move for public reorganization, but are alike affected by traffic fluctuations. Rapid movement of the 1938 wheat crop to market was a constructive factor in 1938.

Good Returns

Telephone and telegraph stocks are a more stable group. Earnings records have been relatively good and investor experience acceptable. It is not a group that is likely to show spectacular market moves, but there seems little reason to expect a less favorable performance in the coming year.

Although the group as a whole declined in market price over the past year, it's earnings record was reasonably good and the return to investors above the average in stability and generosity. Consumption of electric power for industries grows as does business. It held up perhaps better than expected in 1933, as witness monthly figures published by the Ontario Hydro and others.

Last group to be mentioned is banks. Although earnings in most cases that have reported for 1938 are slightly lower, price performance of stocks does not indicate any extreme disfavor. Noted for stability and financial strength, Canadian banks have proved a source of regular income for many invest

As continued reference in t
study has been made to the vario
groups as classified by the D. B.
a list of these stocks is needed
complete the story.

Machinery and equipment — Canadi
Car & Foundry; Cockshutt Plow; Ford
General Steel Wares; Kelvinator; Masse
Harris; National Steel Car; Page-Herse

Pulp and Paper—Abitibi; Bathurst Pow
& Paper A; Dryden Paper; Hinde & Dau
Howard Smith. Price Bros.; St. Lawren
Corp.

Milling — Maple Leaf; Ogilvie; West
Canada Flour.

Oils—British American Oil; Imperial; I
ternational Petroleum; McColl-Frontena

Textiles and clothing—Bruck Silk; Ca
dian Celanese; Cosmos Imperial; Domini
Textile; Harding Carpets; Montreal C
tons; Penmans; Regent Knitting; Tip T
Tailors; Wabasso Cotton.

Food and allied products—Canada Brea
Canadian Canners; Canada Packers; Co
solidated Bakeries; Dominion Stores; E
ern Dairies; Fanny Farmer; Imperial T
bacco; Loblaw; National Grocers; West

Beverages—Associated Breweries; Ca
dian Industrial Alcohol; Canadian Wi
ries; Distillers Corp.-Seagrams; Natio
Breweries; Walkers-G. & W.

Building materials — Building Produ
Canadian Bronze; Canada Cement; Ca
dian Dredge & Dock; Canada Wire
Cable; Dominion Bridge; Dominion Gla
Dominion Steel & Coal; Foundation C
Gypsum, Lime & Alabastine; Hamilt
Bridge; Sherwin-Williams; Steel of Ca
ada; United Steel.

Industrial mines—Consolidated Mining
Smelting; International Nickel.

Transportation — Canada Steams
Lines; Canadian Pacific.

Telephone and telegraph — Bell Te
phone; Montreal Telegraph.

Power and traction — Brazilian; Bea
harnois; B. C. Power; Canada Northe
Power; Consumers' Gas; Montreal L.
& P.; Montreal Tramways; Power Cor
Quebec Power; Shawinigan; Southern Ca
ada Power; Union Gas; Winnipeg Electr

Banks — Canadienne Nationale; Co
merce; Imperial; Montreal; Nova Scot
Royal; Toronto; Dominion.

Armament is going to keep in t
limelight next year. The threat
further disturbance in internation
politics has already been mentione
This is a real threat that may bre
out and destroy investor confiden
at short notice even if resulting
nothing worse. The world has e
barked on an arms building pr
gramme.

Much of this will likely go to ai
plane manufacture. A number
Canadian companies are alrea
engaged on contracts for Gre
Britain. If successful, these may
added to. Arms manufacture e
braces a wide range of produc
The metals are prominent. So
steel and machinery.

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CONFIDENCE IN CANADA FOR 1939

The Year 1938 Closes on an Upturn in Canadian Business

Canadian business has weathered the disturbed world conditions of 1938, and has shown a definite upturn throughout the autumn months. Its index of physical volume of business has risen to within five points of 1937, touching its highest for the year, 120 (1926 = 100) at the end of November.

Canadian trends, whilst tending to follow more and more their own level, do approximate United States business conditions. The recent advance there brought the United States business index well up to that of a year ago.

It is too early to determine the effects of the three-party trade agreements, nor is it clear that policies of appeasement in Europe will work out as planned, yet Canada remains as one of the increasingly important and safe fields for capital investment in the world.

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New Year Looks Bright for Better Mines Market

Mine Making Record of 1938 Good Though Exchanges Slow

What is ahead for the mining stock market of 1939?

Will it be just a repetition of the long, dull sessions of 1938, occasionally interspersed with real movement?

One of the striking things about 1938 has been the number of good-looking properties which have gone into production, whose stock has moved into a place of fair market valuation and then moved only within narrow range. Some 25 new producers started during the past year. Rich new mining areas have been indicated. But still brokers would consider the past year generally to have been poor.

Another interesting index may be the type of questions asked in enquiry letters coming to The Financial Post. Enquirers in previous years seldom had specific questions to ask. "Is it a buy, is it a sell?" was about the extent of the general request. This year, particularly, enquirers are asking about ore reserves, about the solution of mill or metallurgical problems at their properties. They are to a far greater degree asking specific, semi-technical questions.

The general action of the mines markets during the past year, plus this observation on enquiry letters, both tell the same story.

They point very definitely to the fact that more mine investors know what they are doing; that buying mine stock on "hot tips" is dying a rapid and not unwelcome death; that mine investors, at large, are learning the rudimentary facts about mining and have formed an intelligent basis of judgment.

10-Times Earnings Rule

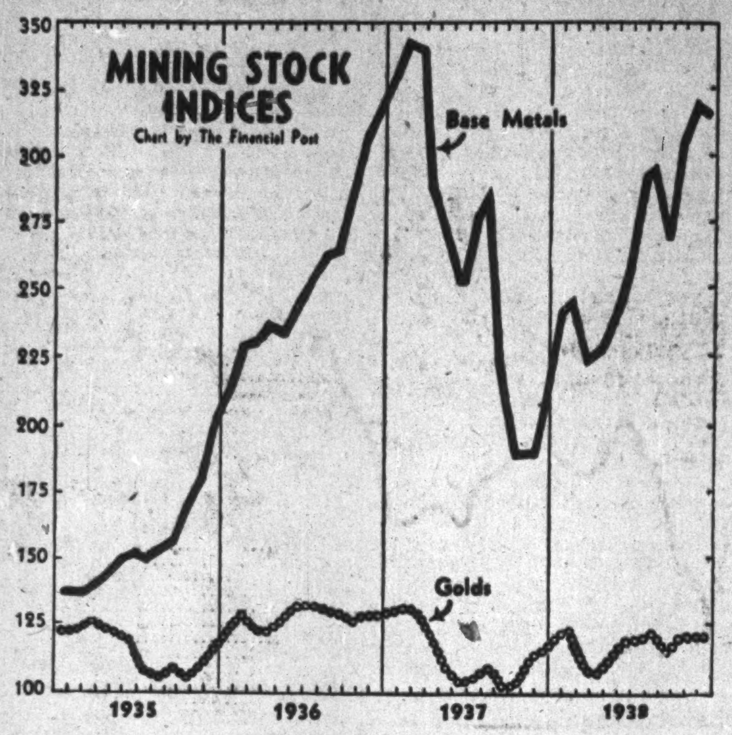
Confirming this view is the fact that with few exceptions the mines quoted price follows closely the 10-times earnings rule of thumb value used by the professional investor. True, there have been cases when this did not appear to hold true. But, generally speaking, it was at least arguable that the price followed that basic rule.

Action of the market generally lends further confirmation that most of the trading came from the well informed. For the most part, new property developments were promptly registered in the stock price and it would be difficult to point to more than two or three cases where anything like a runaway set in.

In this connection it is also interesting to note that the mine stock indices have on the whole followed very closely the path of the industrial and business index. The old theory was, very roughly, that when the industrial market was strong, the mines would be easy and that their boom days arrived as the industrial eased off.

Even a glance at the chart of mine stock price indices against industrial and business indices shows that in recent years this has not been true.

The reason? Perhaps politics provides most of the answer. Quite a few of the old economic "laws" have been pretty well thrown out of kilter by government action. At the same time, governments have been undertaking or proposing a type of legislation relating to business which is relatively new.



The index of base metal stocks has moved over a wide range in recent years mainly on fluctuating metal prices. Outlook for 1939 is considered good provided business can recover some measure of confidence. The gold index has moved narrowly and ends 1938 just about where it began.

Recent years in Europe have seen a series of political crises, each reaching new peaks of tension and gravity and Europe and her affairs have more than ever forced themselves on our attention.

Hence, the major swings of the charts are almost without exception turned by political factors.

Outlook for 1939

Will there be any change during 1939 in those two factors which have dominated the mines stock market of 1938, politics and informed trading?

As for the first, politics, it would hardly appear that the stock market can develop any measure of immunity to European affairs. While the effect of crises, even of war, is not the same on all industry, and certainly not the same on base metals and, for instance, the food or beverage stocks, the informed trader can have no confidence that even a "war-baby" stock will, in face of a crisis, be a wise buy. For behind the list of bullish factors which he can summon up in his mind, there is also the menacing list of unfavorable factors such as government control of industry during war, limitations of profits, nationalization of certain industries and so forth.

At the moment, it seems improbable that the stock market can free itself from politics or from the recurrent panic engendered by European affairs.

Does 1939 hold out any hope of the public at large coming into the stock market?

"Get a spectacular new issue or a wonderful new mining camp. That will fire their imagination and bring them back into the market." That view of one prominent Canadian broker is generally accepted as the hope of the brokerage community for a really active market.

But how often does a member of the so-called public share in the magnificent profits from a spectacular new property? Those who win doubtless tell their friends, who try to repeat, seldom with comparable success. An uncommonly successful string of big winners would attract a sizeable number of the so-called "public." But real mines are not found so easily. Ask Noranda, Smelters or anybody else continually on the hunt for good new properties.

In short, it would appear that there will have to be a change of thought about what constitutes a good mining market. Admittedly not nearly as much money as desirable is forthcoming for the development of prospects. That is to the disadvantage of the public, the financial community and the nation.

Reasonably Good Market

But, aside from this disadvantage, the performance of the mines market during the past year has been, to a large degree, satisfactory. It is what must be called a reasonably good market.

It seems to come down to this: That mine development is a gamble in which investors or speculators should be prepared and able to lose; that the public has become aware of many of the perils to which the uninformed are exposed, that mine making is a very expensive, highly technical, very problematical business.

Mining has grown up in the past 10 years. It has become a very sober, fabulously rich industry. But just as the canned soup manufacturer makes his profit out of shaving infinitesimal fractions of cost off the price of a single can, so it is with mining.

What produced the gold stock boom of the early 30's? One big factor was the broad profit margin then enjoyed by many mines. Present indications for the gold stocks are not bright that the profit margin will be higher in 1939. For while the gold price remains constant, other expenses are not. If business recovery is sweeping and is general throughout industry, rising prices are likely. That would even reduce the profit margin of the Canadian golds. Because of the usual time lag between events in United States and Canada, however, probability would seem to be that important changes in the Canadian price level might not be operative soon enough to influence seriously 1939 earnings.

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Outlook For Higher Base Metal Prices Seen Good

Will Gold Price be Increased? New Year May Give an Answer

What may 1939 bring in metal prices?

Here are some factors which may be operative and which should be kept in mind.

Gold is, of course, the great enigma. The Canadian hope that its price be again increased is quite understandable.

The power granted President Roosevelt to increase the price of gold expires June 30, unless renewed by Congress. In recent months the President has been giving many signs of greater administrative sobriety. Furthermore, he is now surrounded with less radical advisers. The recent election results have greatly strengthened the Roosevelt opposition in Congress and some Washington observers are not sure that this new and determined Congress will be willing to hand over to the President powers over the price of gold.

Exchange

The makings of one situation fraught with potential interest for gold have been gathering for some months now. That is the decline of the British pound. That puts American business in an increasingly disadvantageous trading position and some observers feel that America has only two possible methods of meeting the pound decline.

One is to join the sterling bloc; in other words, peg United States currency on the pound and let the United States dollar follow the pound's wanderings on the exchange market. But this action obviously has serious political consequences.

The other alternative which the economists see is for the United States to restore its trade position as regards Britain and sterling bloc nations through raising the gold price.

But there is still wide doubt whether gold will go higher in the coming year. That it will eventually go higher is generally accepted and no one fears that it will go lower.

"The price of gold is certain to rise," declared the Whaley-Eaton Service of Washington a few months ago. "There is no other way by which the various paper currencies ever can be redeemed . . . Real money is money that is good anywhere and everywhere, not because of any stamp that is upon it, but because of its own intrinsic worth and value. When nations — all of them — bastardized their currencies, there is nothing left except recourse to a natural currency."

Silver

The silver outlook is improving. But not perhaps in a monetary sense. Because of the political necessity of keeping tamed the middle western states, the great silver protagonists, the Democratic party can hardly afford to change its silver purchase policy.

Canada is a somewhat unwilling producer of this now embarrassing metal. Virtually all Canada's 1937 production of more than $10 millions worth comes as a by-product with other metals

The ray of hope, however, is in recent metallurgical developments, which promise to increase vastly the industrial possibilities of silver. One prospect currently considered good is that a coating of silver on beer cans and many types of containers offers very positive advantages and for some types of commodities a desirable luxury appeal.

Copper

For copper, the new year seems to offer several hopeful factors.

There is no sign yet that the great armament programmes of the world's leading nations will be completed during 1939 or that the pace of production will be lessened. In addition, observers are now in agreement that the index of general business activity is rising and that 1939 generally should be a much better performer than 1938.

A mucker pauses to have his picture taken.

If Europe achieves a measure of stability and if business is able to acquire some confidence, there are several results which may be expected, and which will be an important stimulus for all base metals.

Housing Behind

Housing is years behind and a major rebuilding programme would be one of the first and largest expressions of confidence. There is also a vast latent demand in the modernization and replacement which industry generally has been putting off for some years, but which it cannot put off much longer. There is rural electrification, especially in the United States. The automobile industry is looking forward to a better year. Railroads are attempting to improve their generally shattered financial structures through new equipment and modernization.

Quite apart from those possibilities which would point to an abnormally big base metal demand, it is significant that the long term history of base metals shows that there have been successive chapters in which the world increased its use of base metals very substantially. For instance, consumption of copper in the United Kingdom in the past eight years has doubled and in Russia and Japan has trebled.

Lead, in addition to its great use in armament trades, has become a very important peace metal, especially in automobile, construction and electrical industries.

Substitutes

In some countries which have to import metals, notably Germany, Italy and Japan, efforts are being made to force use of substitutes which can be produced at home. Germany, for instance, is using a great deal of aluminum as a copper substitute.

Canada's 1938 copper output was substantially increased during the past year by the coming into production of Waite Amulet, Aldermac, Normetal, the reopened Britannia, Granby, Copper Hill and Sherritt Gordon. No major new base metal deposit it appears is now under development. Hence it would seem that Canada's copper output for the next few years will not likely be more than 300,000 tons per year. But this is about 20% of world production, outside of copper produced by United States.

Although United States can supply its own copper needs and its producers are protected by a very high tariff, next year's business conditions in the United States are very important to the world copper situation. For if United States business thrives and developments mentioned earlier materialize, United States copper producers will be fully occupied with the home market and will be out of the world market in which Canada has to sell.

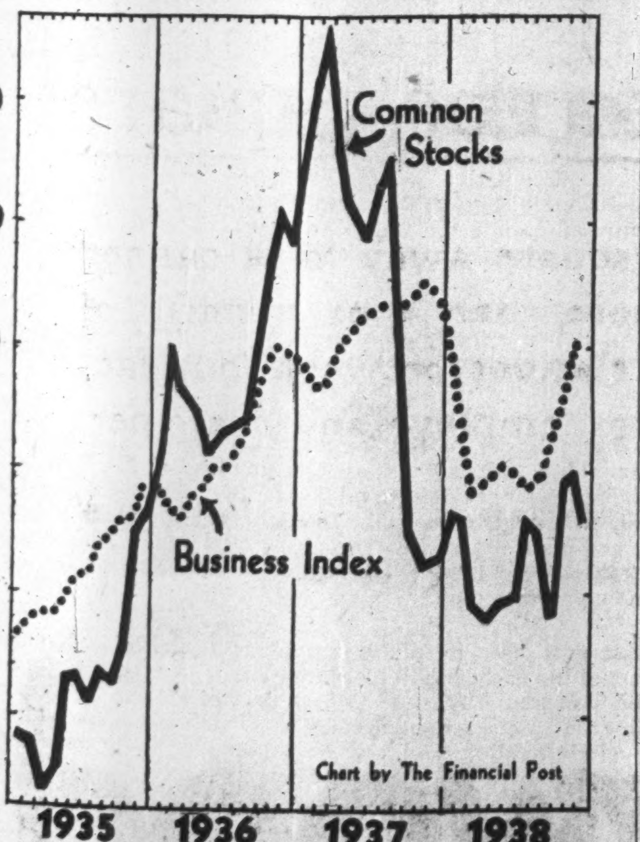
The copper cartel seems to be doing a capable job of managing an important section of the industry and in keeping price fluctuations within judicious range.

From now discernible facts, it would appear probable that copper will be generally better in price than in 1938.

Lead Production

Canada's lead production in 1938 showed another new record with a gain of around 25 million pounds. Prices, however, have been very low. In the first half of the year Canadian producers averaged 3.395 cents per pound London, compared with 5.857 cents for the first half of 1937. Other big lead producing countries of the world showed increased production, but world use of lead is increasing notably. A cartel has recently been established in the lead industry from which something is hoped, but Germand, Italy, Russia and Japan are not controllable as regards their output, so that the world lead situation still remains pretty much of an open market.

Canada's 1938 zinc production was also higher, but the zinc outlook is hardly bright. While improved business conditions would increase the demand, a big new source of zinc will be selling in the world market next year, so that improved demand will be less strongly expressed. In this connection it is significant that the Waite Amulet is not planning to attempt to market its zinc because of the high costs of treating and transportation, which make it profitable only for some uniquely low cost producers.



BUSINESS AND STOCKS

It is common knowledge that scale of business activity has a great deal to do with corporate profits and therefore stock prices. It is also admitted pretty generally that the stock market tends to forecast as well as reflect business changes after they have taken place. From the above chart, on which is shown The Financial Post index of business activity and the Dominion Bureau of Statistics index of common stock prices, the relative moves of these two indices for the past four years are shown.

It was not until January, 1936, that the stock index moved above the business figures. From then until September, 1937, stocks stayed steadily ahead of business but from September, 1937, to date they have remained below. This discrepancy will not last indefinitely. It will either be rectified by a move up in stock prices or it forecasts a drop in business activity. Although a final answer cannot be given until a move actually takes place, it is felt that the former eventuality is more likely to happen.

Montreal Stock Payments Down Slightly for 1938

A complete breakdown of actual dividend payments by Canadian companies by groups is not available. But the Montreal Stock Exchange has supplied comparative figures for companies listed on the Montreal Stock Exchange and the Montreal Curb Market.

The Montreal exchange calculations show higher dividends paid by base metals and miscellaneous mines, breweries and distilleries, construction stocks, food industry, iron, coal and steel, milling and grain storage, oils, railway equipment and utilities.

On the other hand, payments were less by the following groups: Automobile accessories, banks and financial companies, gold mines, miscellaneous industrials, pulp and paper, other equipments, retail trade, textile and clothing and transportation.

Largest group payments came from the oils, followed by base metals and miscellaneous mines, gold mines and utilities.

Comparative figures for 1938 and 1937 follow:

	—Year Ended—	
	Dec. 31 1938	Dec. 31 1937
	$	$
Auto accessories	2,584,610	3,385,260
Banks & financial ..	14,284,544	14,635,320
Base metals & misc. mines	55,589,943	52,999,677
Brew. & distilleries.	11,488,748	840,833
Construction	3,451,142	3,206,787
Food industry	3,880,831	3,390,456
Gold mines	38,030,325	41,038,458
Iron, coal & steel ..	2,669,112	2,614,044
Milling & grain	1,071,252	1,026,252
Misc. industrials	7,885,454	8,126,203
Oils	75,221,471	74,995,762
Pulp & paper	903,362	3,465,213
Railway equipments.	1,146,842	569,210
Other equipments ...	7,701,989	8,553,111
Retail trade	3,227,277	4,375,503
Textile & clothing ..	6,248,809	8,730,869
Transportation	854,820	972,532
Utilities	33,601,537	30,789,742
	269,842,068	271,476,232

New Mining Listings

Mining and oil securities which were listed on the Montreal Stock Exchange and the Montreal Curb market during 1938 are as follows:

Hudson Bay Min. & Smelting Co. Ltd.
Bankfield Consolidated Mines, Ltd.
J.-M. Consolidated Gold Mines Ltd.
Anglo-Canadian Oil Co. Ltd.
Laguna Gold Mines Ltd.
Oro Plata Min. Corp. Ltd.
Inspiration Min. & Devel. Co. Ltd.
Dome Mines Ltd.
Amm Gold Mines Ltd.
Lapa Cadillac G. M. Ltd.
Waite Amulet Mines, Ltd.

New mining and oil stock listings on the Toronto Stock Exchange are as follows in order of date of listing:

Spy Hill Royalties, Ltd.
Augite Porcupine Mines Ltd.
Denison Nickel Mines Ltd.
Hedley Mascot Gold Mines Ltd.
Fernland Gold Mining Co. Ltd.
Northern Empire Mines Co. Ltd.
Commoil Ltd.
Inspiration Min. & Devel. Co. Ltd.
Chesterville Larder Lake G. M. Ltd.
Sand River Gold Mines Ltd.
Faulkenham Lake G. M. Ltd.
Malartic Gold Fields Ltd.
Bear Exploration and Radium Ltd.
Broulan Porcupine Mines Ltd.
Ronda Gold Mines Ltd.
Lamaque Gold Mines Ltd.
Halliwell Gold Mines Ltd.
Shawkey Gold Mines Ltd.
Halcrow Swayze Mines Ltd.
Brown Oil Co. Ltd.
Augite Porcupine Mines Ltd.
Gillies Lake Porcupine G. M. Ltd.
Afton Mines Ltd.
Lapa Cadillac G. M. Ltd.
Chromium Min. & Smelt. Co. Ltd.
Highwood Sarcee Oils Ltd.

Companies which listed additional stock on this exchange during the past year are:

Dorval Siscoe Mines Ltd.
Aldermac Copper Corp.
Stadacona Rouyn Mines Ltd.
J.-M. Consolidated G. M. Ltd.
Northern Canada Mines Ltd.
Dome Mines Ltd.
Morris Kirkland G. M. Ltd.
Astoria Quebec Mines Ltd.

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London Calling

by Atticus

Bird Lover Premier Finds a Scaup in the Park; Seven Members of the Labor Party Dine With the King

CLEMENT ATTLEE

LONDON.—It is the habit of the Prime Minister to breakfast at 8.30 no matter how fatiguing the previous day and night may have been. Only by the most rigid adherence to the timetable can he possibly get through the duties and appointments which make his task the heaviest in the kingdom.

Mrs. Chamberlain, like the perfect wife that she is, always has breakfast with the Premier. Nor is it to be imagined that her schedule is an easy one. Last week's engagements, including shaking hands with more than 2,000 of the faithful at one affair, would terrify any normal woman. Conversation at breakfast varies from political to domestic problems. As long as there is a chance to get something done the Prime Minister is happy. Nothing is trivial, providing it exercises his mind with analysis and decision. After breakfast, of course, Mr. and Mrs. Chamberlain take their now famous walk in the park.

Last Friday morning, Mr. Chamberlain came to the breakfast table showing definite signs of excitement.

* * *

From the Sea

No doubt Mrs. Chamberlain tried to read her husband's thoughts and it would be strange if neither Herr Hitler nor Signor Mussolini occurred to her as the possible source of the Premier's mood. He did not keep her long in suspense however. "I have received information," he said (he did not add 'from a reliable source') that a scaup has arrived in St. James's Park. Don't you think we ought to go out and try to find it?"

In case readers of these notes have commenced consulting their maps to identify the nationality of the intruder I must hasten to inform them—if they do not already know—that the scaup is a very rare bird that comes from the sea. It is, I believe, a white bird with black feathers with strange peregrinating habits. At any rate the Prime Minister of Great Britain and Mrs. Chamberlain started from No. 10 on their joyful quest. No doubt Mr. Chamberlain applied that same sense of analysis which I have already described, and decided that a bird from the sea would be likely to seek a body of water. If this were the deduction it could not have proved more correct. After a careful search the scaup was discovered on the pond in St. James's Park.

Later in the day when we saw Mr. Chamberlain as usual in the House of Commons his face had assumed its normal seriousness. The flapping of wings over Tunisia could be heard and he was back to the endless, thankless business of trying to maintain a measure of sanity in a mad world.

* * *

In His Youth

This love of birds seems to belong to a particular type of character. The basis is gentleness and calm but is usually accompanied by purposefulness and moral courage. One need only cite the late Lord Grey to establish an example. Malcolm MacDonald is another. Nor is the love and understanding of birds necessarily instinctive. Lord Grey once confessed that as a young man he only knew the songs of the blackbird and thrush, and could not distinguish between them. As a boy Mr. Chamberlain's ear was not more selective. Nearing his twenties, however, Mr. Chamberlain's interest in the calls and songs of birds increased swiftly. When he lived with his father in their house, which was three or four miles out of Birmingham, he used to rise at 5.30 in the morning to listen for them and identify them.

The early spring was the best time because the leaves were not so thick as to hide the quarry. Once that he heard a call he would follow it up until eventually he would come upon the songster and add him forever to his memory.

I wonder what the youthful Chamberlain would have said if he had been told then that some day he too would fly across the country and the sea and arrive at the aviary of Berchtesgaden where thousands of nightingales sing their song to a Nazi moon.

* * *

Political Exiles

It is always a good test of a man to see how he acts when fortune turns against him. I can recall meeting Mr. Lloyd George at a private house shortly after his defeat at the polls in 1922. I felt as if I were about to see another fallen emperor at St. Helena. His power had been so prodigious, his star so brilliant that one's imagination could only picture a figure of dejection and resentment. Instead Mr. Lloyd George was gay and as interested in everything as in the days when his incorrigible courage met the onslaught of the fates.

I thought of this the other night when at a most interesting dinner party at the House I saw Jan Masaryk for the first time since he had ceased to be in charge of the Czecho-Slovakian Legation. His high spirits as usual were infectious. His wit and bravura were like something out of the pages of Dumas. One might almost have said that here was a man who was untouched by the tragedy of his own people. Then on closer study one saw that his eyes never smiled. There was a bitterness behind the jest that could not always be suppressed.

A friend tells me that after the change-over of the Government at Prague the portrait of Dr. Benes was ordered to be taken down at the Legation in London. This was duly done. Then there came an order that the portrait of President Masaryk had to follow that of Dr. Benes. None at the Legation could bring himself to do it. Then one man volunteered. It was Jan Masaryk. Without a word he lifted his father's portrait from its moorings and deposited it with the attendants. Then with a bow he walked out.

At the end of our little dinner M. Masaryk made a short speech. I do not intend to repeat what he said but his tribute to the people of this country was generous and moving. "I want nothing better for the world," he said, "than that all countries should have the same qualities as these Islands of England."

M. Masaryk told me that on the day following Munich there was a little girl waiting for him. "Are you the poor Czech?" she asked somewhat vaguely. "I am the poor Czech," replied Masaryk. "And what can I do for you?" The child fumbled in a tiny purse and produced three pence. "This is for you," she said.

From the way he told it I suspect that that incident made a deeper impression on him than all the hammer blows dealt by destiny.

* * *

The Great Zuloaga

At the same dinner I had the honor of meeting Senor Ignacio Zuloaga, the famous Spanish painter who is holding a show at the Burlington Galleries. I am not sufficient of an art expert to appraise the genius of this extraordinary man but his reputation, of course, is prodigious. He is, I imagine, in his early sixties and is benevolent, modest and much interested in life and politics. General Franco has no firmer supporter than Senor Zuloaga. To him Franco is a great gentleman who wants nothing for himself but everything for Spain. "He is a patriot and not a politician," said the painter with a courtesy of manner which softened the sting to some extent. "He never wanted power. He wants nothing when the war will end. He only wishes to save Spain from the Reds."

At the word "Reds" all kindness left the artist's face. There are no softer shades for him when he paints the political picture.

Next day when I met him at the Galleries I realized that as an artist as well he has none of the indecisions that keep the rest of us mortal. As every art critic is certain to say it, I see no reason why I should not swell the chorus and state that the people he has painted "look as if they might leap from the canvas out of sheer dynamic vitality." A Zuloaga on your wall would make every other picture look as if it had gone into a decline. What would Turner have thought of him with his harsh blacks and shrill greens and an underlying suggestion of caricature that even makes his nudes suggest the artist's revenge?

Senor Zuloaga has been good enough to ask me to visit him in his lovely place in Spain and see for myself how just is the cause of General Franco. It would be a great happiness to be the guest of such a distinguished and agreeable host but what can one learn of the rights and wrongs of a war from seeing men go into battle? I have my own convictions about the Spanish struggle but to visit the Franco side would only be to sympathize deeply with the young men facing death for the cause they believe to be right—and to visit Madrid would be to rouse the heart to such pity that all judgment would be lost.

* * *

To Dine With the King

There was another dinner party last week which must have been of absorbing interest. I refer to the dinner given by Lord Baldwin when seven members of the Labour Party were asked to dine with the King. If the guests were surprised at the intimate knowledge of their characters and achievements shown by His Majesty they need not look far for an explanation. The King is a regular reader of Hansard and studies closely the trend of debate and those who participate. I hope that the chosen seven were in good form and did not allow the formality of contact with Royalty to dull the edge of personality. Mr. Attlee is not a humourist but has the aura of leadership which gives distinction to his conversation. He is not a restful talker but can be pungent when the opportunity offers. The tall form and humorous solemnity of Mr. Arthur Greenwood must have intrigued His Majesty. In David Grenfell, the ex-miner, the King would find a man after his own heart. Here is a man incapable of a mean thought or an unworthy action.

Tom Williams is a grand character too, who has come on a stone in this Parliament while Chuter Ede with his alert eyes and irrepressible humour would bring laughter from a half-commission man even in these times. As for A. V. Alexander he would, as former First Lord, have a special interest to our young Sailor King whose career in the Navy is a pride alike to him and those with whom he served. Mr. F. Marshall ends the list, a little more quiet than one or two of the others but possessed of sense and sensibility.

* * *

Just a Song

This is a strange story. Just after the war I was shooting with Sir Frederick O'Connor when we fell to discussing music. He regretted that he had no skill for it but only a great love. As he had spent many years in India, Persia and as British Envoy to Nepal there seemed no reason why or how he should have acquired musicianship. Yet a month or so ago Sir Frederick sent me the manuscript of a song entitled "The Old House." The words and music were both from his pen. I was not greatly impressed by the music but was gently stirred by the lyrics.

JAN MASARYK

Subsequently Sir. Frederick asked me to go with him to John McCormack's Farewell at the Albert Hall. To my surprise "The Old House" was on the programme. It received an immense burst of applause even for that emotionally ecstatic occasion.

"It's a flop," said O'Connor crimson with embarrassment.

On Thursday evening I turned on the wireless just before dinner and recognized the voice of Count McCormack. He was talking about his songs and when asked which one he would sing he answered that he would give them "Sir Freddy O'Connor's 'The Old House.'" This time it seemed quite hauntingly beautiful and now I cannot get it out of my head.

There is no moral to the story. It just seems queer that this tall soldierly Irishman who spent many years in strange and lonely places should suddenly write a song which bids fair to become more famous than the Treaty with Nepal which he concluded, so many years ago.

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Distillers Pay Export Taxes

Anniversary of Repeal Draws Attention to Validation Levy

From Our Own Correspondent

OTTAWA.—The anniversary last week of the United States repeal of the Volstead Act turned momentary attention here on Canada's only export tax.

The Dominion has a number of import taxes and in some form or another a few export subsidies but to the distilling industry falls the honor of paying an export levy of 20 cents a gallon.

When Americans threw prohibition. overboard 40 million gallons of properly aged Canadian spirits were in store.

Canada imposed what it called a vilidation fee for the service of putting a Government stamp on the liquor going across the border. Since that time revenue from the fee has amounted to $3.5 millions. Now, however, with the American distillery stocks replenished there is a suggestion that Canada might remove this handicap on the sale of Canadian liquor across the border.

The distilleries themselves have never seriously pressed for action of this sort. In the first place the two largest Canadian companies are operating across the line. In the second place even if the 20-cent a gallon tax were removed it would constitute only a small part of the distilling industry's contribution to Canada's public purse.

This is shown by a glance at the excise tax on spirits alone paid by Canadian distilleries in the last five years which has totalled $43,013,081.

No compilation of the sales tax has been made but the Department of Revenue has estimated that for every dollar paid for spirituous liquor

30 cents goes to federal taxes;
40 cents goes to the provincial liquor commissions;
30 cents goes to the distilleries.

While provincial figures do not distinguish between profits on distilled liquor and beer and wine some idea of the industry's provincial contribution can perhaps be gained from the following Dominion Bureau of Statistics compilation for 1937:

Province:	Net revenue $
Nova Scotia	1,313,994
New Brunswick	1,104,717
Quebec	5,487,018
Ontario	9,455,667
Manitoba	1,512,201
Saskatchewan	1,452,875
Alberta	2,390,813
British Columbia	3,607,333

Another contribution made to the federal treasury by the industry is through customs duties on its imported raw materials. The chief source here is the importation of corn on which the duty has ben raised by the American trade treaty from 7½ cents to 10 cents.

Behind it lies the attempt to build up a Canadian corn growing industry, particularly in Ontario, to feed the distillery.

Net Earnings of Abitibi Will be Near $3 Millions

With earnings of Abitibi Power & Paper Co. for 11 months of 1938 39.37% below those of the same period in 1937, it is estimated that earnings for the full year will be around $3 millions, as compared with $4.8 millions in 1938.

Earnings reported by G. T. Clarkson, receiver and general, for the 11 months ended Nov. 30, 1938, totalled $2.7 millions, as compared with $4.4 millions in the corresponding period of 1937, and $2.1 millions in 11 months of 1936.

Earnings of $348,883 for Nov., 1938, compare with $411,529 in Nov., 1937, a decrease of 15.22%. This month and October, when the decrease in earnings was 14.31% were the most satisfactory months for the company's operations.

All earnings figures given are before depreciation of $148,750 and bond interest of $266,476.

Tonnage sales of newsprint for the year to Nov. 30, 1938, totalled $262,167 and with an estimated shipment of 28,500 tons for December, total for the year would be brought to 290,667 tons. This compares with tonnage sales of 439,752 tons in the 11 months of 1937, and 486,524 tons in the full year of 1937.

Shipments of bleached sulphite totalled 30,557 tons to Nov. 30, 1938, as compared with 56,479 tons in the same period of 1937. With estimated shipments of 2,800 tons in December, total for the year will be approximately 33.357 tons in 1938, as compared with 57,864 tons in 1937.

Monthly Earnings

	1938 $	1937 $	Decr. %
January	114,219	336,972	66.10
February	77,469	262,894	70.53
March	140,258	335,218	58.16
April	181,932	362,653	49.83
May	285,265	406,145	29.76
June	331,067	394,169	16.01
July	256,843	522,580	50.85
August	250,338	500,669	50.00
September	300,225	417,269	28.05
October	370,117	431,931	14.31
November	348,883	411,529	15.22
	2,656,618	4,382,029	39.37

Newsprint Shipments
(Short Tons)

	1938	1937
January	18,058	35,545
February	16,004	29,338
March	18,239	34,628
April	22,001	36,321
May	25,412	40,223
June	27,493	39,671
July	22,960	42,532
August	24,545	42,736
September	26,741	44,928
October	29,777	46,677
November	30,937	47,153
	262,167	439,752

Note: December shipments of newsprint will be about 28,500 tons, it is indicated.

Shipments of Bleached Sulphite
(Short Tons)

	1938	1937
January	2,150	5,392
February	1,937	5,125
March	2,135	5,897
April	2,841	5,458
May	3,000	5,411
June	2,142	5,564
July	2,667	5,797
August	3,244	5,516
September	3,274	4,847
October	3,874	4,008
November	3,293	3,464
	30,557	56,479

Note:—December shipments of bleached sulphite will be about 2,800 tons, it is indicated.

Saint John Cargo Traffic Slows Down in November

From Our Own Correspondent

SAINT JOHN.—Cargo traffic moving through the port of Saint John during November totalled 65,487 tons, as against 79,052 tons for the same month a year ago. The inward movement at 38,253 tons, was down 10,000 tons, while the outward movement at 27,234 tons was off around 3,200 tons.

For the first eleven months of 1938, the port handled 1,707,308 tons, made up of 617,078 tons of imports and 1,090,230 tons of exports.

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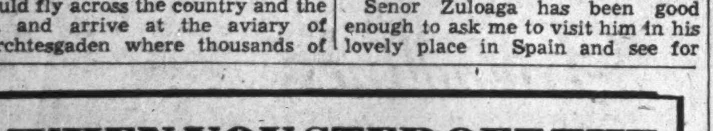

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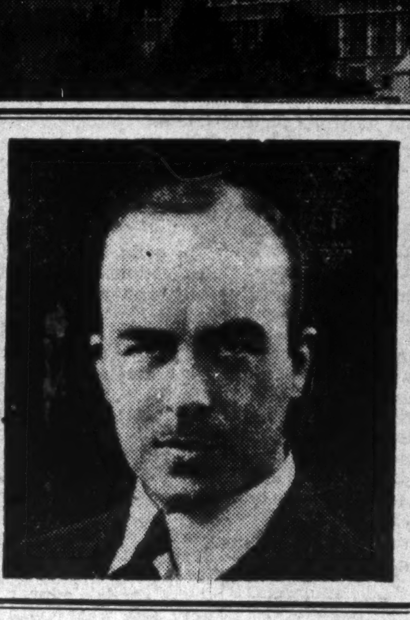
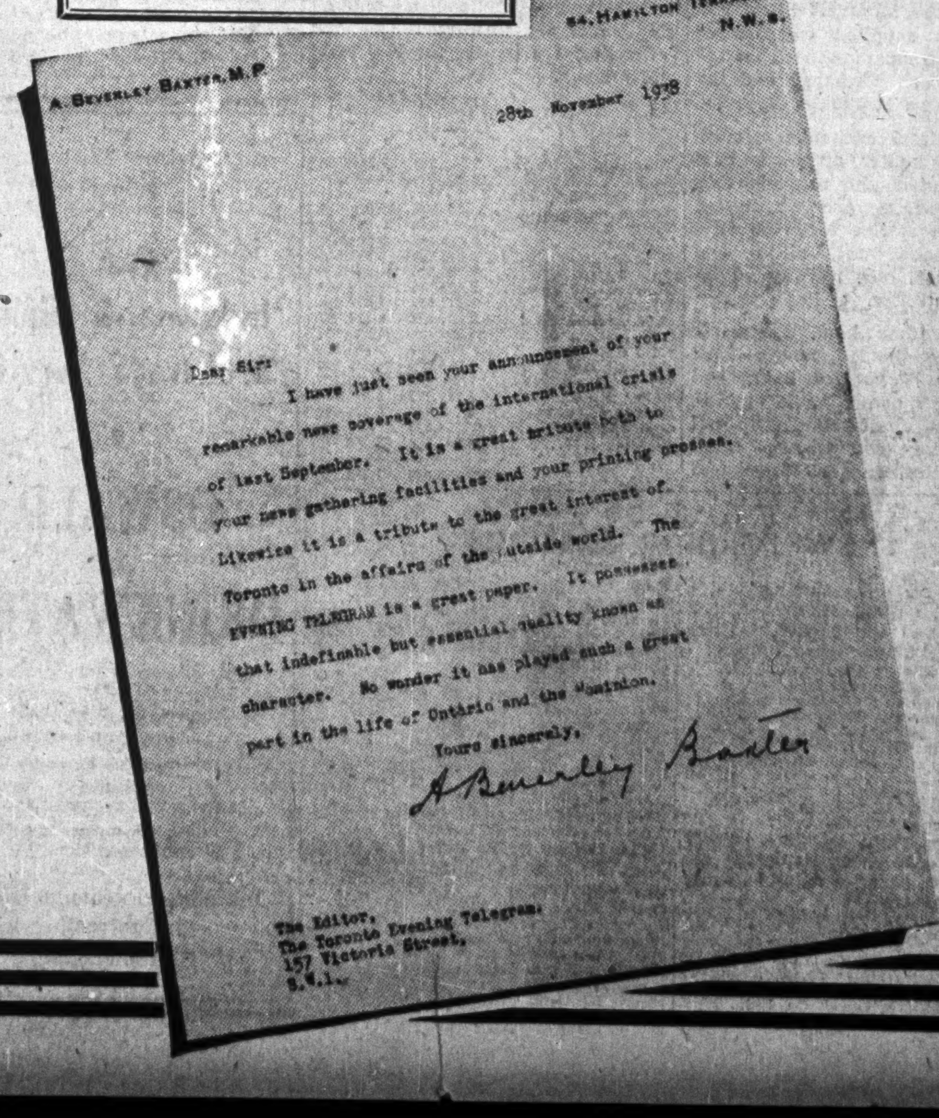


MR. A. BEVERLEY BAXTER, M.P.
Born and educated in Toronto, served in the Royal Engineers during the Great War, author, Editor-in-Chief and Director of Lord Beaverbrook's "Daily Express" 1929-33. At present a Conservative Member of the British House of Commons representing the constituency of Wood Green, Middlesex.



A. BEVERLEY BAXTER, M.P.
54, HAMILTON TERRACE,
N.W.8.

28th November 193

Dear Sir:

I have just seen your announcement of your remarkable news coverage of the international crisis of last September. It is a great tribute both to your news gathering facilities and your printing presses. Likewise it is a tribute to the great interest of Toronto in the affairs of the outside world. The EVENING TELEGRAM is a great paper. It possesses that indefinable but essential quality known as character. No wonder it has played such a great part in the life of Ontario and the Dominion.

Yours sincerely,
A Beverley Baxter

The Editor,
The Toronto Evening Telegram,
157 Victoria Street,
S.W.1.

"It possesses that indefinable but essential quality known as character"
"No wonder it has played such a great part in the life of Ontario and the Dominion."

Mr. A. Beverley Baxter, Conservative Member of the British House of Commons, addressed the above tribute to The Evening Telegram after reading an advertisement that appeared on October 6th.

The advertisement was one that cited figures from Media Records Incorporated showing that, for the present year, The Evening Telegram had published an average of better than twelve full columns per day more news matter than any other Toronto newspaper.

It further referred to the fact that during the Czech crisis, Mr. W. T. Cranfield, Resident London Correspondent of The Telegram, had secured for its readers the only real "newspaper scoop" obtained by any Toronto paper during that period. In this instance, his cable concerning the Czech acceptance was two days ahead of the other Toronto papers. His daily cables were outstanding in their authenticity of fact, at a time when rumours were legion.

Mr. Baxter's letter, in full, is reproduced to the left. Having spent a large part of his early life in Toronto he is well able to know to what extent The Telegram has come to be a part of the life of the city, and of its influence in the attainment of all those objectives which make for wise administration and the best possible living conditions for Toronto people.

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Business Looks for Improvement in 1939

Fear of War in Europe and U.S. Relapse Only Major Handicaps on New Horizon

Canadian business expects to do better in 1939. How much better than in the year just closing, however, depends very largely on political developments in Europe.

Barring serious threat of war, the next 12 months should witness continuance of the moderate improvement reported since the beginning of winter.

Barring war again, and also a relapse of current United States recovery, then the stage is set for real improvement and this country may be commencing the most prosperous year since the boom of 10 years ago.

Not actual war, but the fear of it, is giving most concern. Tension weakens confidence, the keystone of prosperous business. Having just come through one war crisis, with much dislocation of trade and not a little actual loss in deferred orders, most Canadian industrialists are not relishing the prospect of repetitions in 1939.

Few observers in the forecasts published in The Financial Post this week see anything fundamentally wrong in the domestic situation. Certain industries like textiles and some other manufacturing lines are concerned regarding the working out of the recent trade agreements signed at Washington. On the whole, however, the agreements seemed to have met with a cordial reception and with improvement in the general price level Canadian business is expected to gain.

Excessive taxation continues to be quoted as a most serious burden. Hope is widely expressed that following the report of the "Rowell" commission official steps will be taken to lighten the load. If the present trend of rising real estate taxes is reversed, then really substantial recovery is predicted for construction.

Canadian business welcomed the return to something like normal agricultural production this year in the western provinces. While unusually low prices seriously checked corresponding recovery of rural purchasing power, again the hope is expressed that the new trade agreements will help remedy this situation.

In both farm produce and other basic prices, most observers believe that the recent downward cycle has passed and higher levels may be expected in 1939, an opinion that receives considerable confirmation in the broad strength exhibited by commodities this week.

On this page and elsewhere throughout this issue outstanding representatives of Canadian industry, trade and finance appraise prospects for 1939.

Sir Edward Beatty

Chairman and President, Canadian Pacific Railway.

So many and so varied are the conflicting factors now operating on the Canadian business scene that any prognostication of what is going to happen over the coming 12 months probably would turn out to be entirely wrong well before the year were ended. Between the European situation and our own domestic affairs there is much that cannot but have a profound effect upon our economic progress.

The past year has been disappointing. Lower grain prices have offset increased western crops with resultant lowering of western purchasing power from what has been anticipated and a decline in the movement of general commodities.

There is a brighter side to the picture. The country itself has lost none of its potentialities for future progress under renewed prosperity. Over the past year mining has recorded constructive development, agriculture continues to improve its methods and manufacturers, under stress of necessity or opportunity, are broadening their production and increasing efficiency. The West has had the benefit of an encouraging amount of moisture over the past few weeks, so that there is a reasonable possibility that next year's crop yields will be at least equal to those of 1938.

Much farther than that it does not seem possible to go. Economic conditions abroad show little or no sign of lasting betterment and I discern little encouraging evidence that the Canadian people are moving to solve any of the problems that stand between them and more prosperious times. Taxation has reached a point where it is seriously affecting the purchasing power of the community and the producing power of the entire nation, and I would add that we never shall have a revival of construction until the taxation burden on real estate has been lessened.

Favorable factors ahead are the promised visit of Their Majesties the King and Queen which, apart from its high political significance, should tend to strengthen economic ties between Canada and the other Dominions and the favorable working out of the new tariff arrangements with Great Britain and the United States. It is greatly to be hoped that the latter will prove a step toward the re-establishment of international economic confidence.

* * *

C. H. G. Short

General Manager, Lake of the Woods Milling Co.

The milling industry of Canada, having completed last July 31 one of the most difficult years of its history, naturally hails with relief the immeasurably improved circumstances attendant upon milling operations this season.

The short crop of the past year resulted in Canadian hard spring wheat being the most costly in the world, ruling throughout the year at inordinately high levels in relation to other wheats. The scarcity of high grade wheats in relation to demand brought about a premium price situation which was disastrous in its effect upon the mills, inasmuch as the premium paid could not be exacted in the competitive export markets.

This current year finds a complete swing back of the pendulum, with Canadian wheat more nearly competitive than for long past, and with a continuation of present conditions every indication suggests a materially improved financial position for all mills at the end of the current fiscal year.

* * *

Norman J. Dawes

President, National Breweries Ltd.

The general indications are that 1939 will be more prosperous than the year just closing.

The upward trend of business in the United States should soon begin to make itself felt in Canada. Labor and capital seem to have settled most of their major difficulties; our external trade is good; our minerals are still meeting a widespread demand; the automobile industry contemplates a year slightly above normal, while building reports and loans made under the Home Improvement Plan would indicate a moderate amount of construction.

General business readjustment, necessary after the recent three-way trade pact, will, in all probability, be completed during the course of the year, and it is hoped will be of benefit to Canada as a whole. Providing we again enjoy a reasonable wheat crop, we should have every cause to give thanks at the end of 1939.

Further developments in connection with our mineral resources and more careful attention to the tourist trade—by providing better roads, adequate hotel accommodation and by the enforcement of measures for the protection of fish and game are two immediate potential sources of national prosperity.

* * *

H. J. Carmichael

Vice-President and General Manager, General Motors of Canada.

Quite apart from the natural tendency at this season to take an optimistic viewpoint, there is reasonable ground for the belief that 1939 will be a much brighter year than 1938. The continued expansion of our mines is creating new wealth and employment. The depletion of pulp and paper stocks, which were built up above normal, will help our lumber industry, an industry of major importance from both employment and export angles.

The improvement already evident in United States should be reflected over here by a larger export market for farm products. It will also undoubtedly stimulate tourist trade which has grown to be of tremendous value to Canada.

The only major factor to disturb the outlook is the still unsettled state of world conditions. It is, of course, impossible to predict the possible effect of international complications, but given comparative freedom from these, we in Canada should find 1939 a good year.

* * *

Dr. T. H. Hogg

Chairman, Ontario Hydro-Electric Commission.

Like most manufacturing industries Hydro, in estimating its market for the sale of electrical energy, is guided by past experience, by current demand, and by analytical surveys of market trends.

During the past year in Ontario, notwithstanding the so-called business recession, there was a satisfactory increase in the use of electric energy by domestic and commercial lighting customers, a substantial increase in mining and rural areas, and small increases in general industry in some localities. On the whole, however, the total primary load was very little greater than that of the previous year. Due chiefly to large shrinkage in electro-chemical and electro-metallurgical activities in the Niagara Falls district and in pulp and paper demands, the total energy consumed was somewhat smaller than in the previous year.

In the coming year, with industrial revival, the Commission expects to experience a substantial increase in load. It expects a continuing increase in load growth from domestic and commercial demands, a further large increase in mining load, and a continued rural expansion. It must be remembered, however, that its total distribution of energy is affected to an appreciable extent by a few large industries which are very sensitive to international economic conditions.

* * *

S. G. Dobson

General Manager, The Royal Bank.

The economic outlook at the present time appears to be less obscure than it was at the beginning of the past year. Several Canadian industries have regained much of the ground lost during the temporary setback received in 1938, while others, notably mining, have continued to prosper. In the absence of further international crises or major disturbing elements in the United States, it seems reasonable to assume that Canadian business may look forward to a moderate amount of prosperity in 1939.

The chartered banks are well prepared to assist in any expansion of economic activity. Owing to the "easy money" policy of the Bank of Canada, ample funds are available to finance sound commercial enterprises. Worthy undertakings are far more attractive to the banker than investments in Government securities, of which the yield at the present time is extremely low. The banks look forward, therefore, to a further increase in commercial loaning business following on the expansion of approximately $80,000,000 which took place in 1938.

* * *

J. D. Johnson

President, Canada Cement Co.

He would be a bold individual who in these days would risk a definite prognostication as to what a week, a month, a season or a year will bring forth. However, I am of the opinion that, barring adverse developments, the building industry is in for a better period. It has been in the slough of despond for so long that its natural tendency is unquestionably upward.

Due largely to the uncertainty and lack of stability, capital has been seeking, wherever possible, a safe haven, and little money of a speculative or semi-speculative nature has been available. The pressure of money for what is considered absolutely safe investments has rarely if ever been so great. During 1938 there was considerable evidence of some of this money overflowing into building development. This tendency should increase. There is a good deal of vitality in the country districts due to the more prosperous condition of the farmers. This is tending to quite a perceptible activity in the smaller variety of building but which in the aggregate, in this country, amounts to substantial volume.

* * *

T. W. Bassett

General Manager, Dominion Glass Co.

If the recovery movement in the United States should continue throughout 1939, the effect on Canadian business will be helpful. An improvement in the general level of trade in Canada should reflect itself in an increased volume in the glass industry. The industry is in an excellent position to handle a very considerable increase in volume, equipped as it is with the most modern furnaces and machines. Existing idle capacity can be put into operation on short notice.

Crop conditions across Canada affect the volume of business in the glass industry; the wheat crop indirectly through the purchasing power of the West and the vegetable and fruit crops directly, as many of these are preserved in glass. Crop conditions were well above the average in 1938. It is to be hoped that there may be a repetition in 1939, but it is hardly to be expected.

* * *

G. B. Gordon

Managing Director, Dominion Textile Co.

The outlook for the Canadian cotton industry over, at least, the early part of 1939 is very obscure. The changes in the cotton tariff items, embodied in the Canada-U.S. Trade Treaty, come into effect on Jan. 1 and will make themselves felt with increasing intensity from that time onward. There is still a good deal of uncertainty about the 3% excise tax as to just when it will cease to be effective, and as to what items it will no longer apply. This leaves the trade in considerable perplexity.

The open winter that we have been experiencing toward the close of 1938 has been held, in large measure, to account for rather poor current conditions in our business. Whether it is really to blame, or whether some more fundamental factor is serving to affect our industry adversely will, undoubtedly, become clearer in the course of the early months of 1939.

* * *

Jno. D. Mansfield

President, Chrysler Corp. of Canada.

Favorable reception of the new 1939 automobiles at the motor shows and the readiness with which the buying public have absorbed the full production of our factories would suggest a good year's business ahead. A sales volume for 1939 at least as good as that of last year and probably better would seem to be a reasonable expectation.

Apart from satisfactory conditions in our own industry, there is a very gratifying steadiness about general business in Canada. There is evidence in nearly every factor governing our economic life that the nation's progress toward better business has been solid and well earned by sound operations. I believe that a foundation is being well laid for a much greater business and industrial structure.

* * *

P. C. Garratt

Managing Director, de Havilland Aircraft of Canada.

The past year has been one of moderate activity in the aircraft industry in Canada. Some deliveries have been made to the Royal Canadian Air Force, and several manufacturers have commenced exporting to Great Britain and elsewhere.

Activity in the normal commercial field, which depends largely on the mining industry, has been somewhat restricted, although the year has witnessed a vigorous effort by Trans-Canada Air Lines in securing equipment and starting operations.

During 1939 there will be extensive organization to prepare for the production of large bombing aircraft now on order for the British Air Ministry. It is probable this order will be followed by demands for other types. A proposal to train pilots in Canada for the Royal Air Force is being considered. If proceeded with, as seems likely, the Royal Canadian Air Force would require extensive re-equipment.

* * *

Wallace R. Campbell

President, Ford Motor Company of Canada, Ltd.

In Canada we are fortunate to be in a position to enter upon a new year with confidence. Barring international complications beyond our control, there are reasonable indications that Canadian business will show renewed impetus in 1939.

Viewed as a whole, our 1938 business was satisfactory despite unsettled conditions in many parts of the world. The Canadian automobile industry did not suffer as severely from the 1938 business recession as did the industry in the United States. Therefore, in this country we do not have to show as marked a gain in volume to reach again the levels attained in 1937, a comparatively normal year.

In Canada we find that purchasing power in rural districts, including the grain growing sections of western Canada, was bettered by the generally good harvest of 1938, although the low prices prevailing for agricultural products depreciated the value of crop returns.

* * *

C. F. Sise

President, Bell Telephone Co. of Canada

The fact that business in Canada has shown substantial resistance to the unfavorable conditions and tendencies in other lands, appears to us to be at least one factor which justifies a hopeful outlook on 1939 and to warrant us in planning for a net growth in telephones in excess of what has been achieved in 1938. If our expectations are realized, then the long distance end of the telephone business should also improve, because this phase of the service is quick to register improvements in general conditions.

* * *

W. D. Black

President, Canadian Manufacturers' Association

The trend of manufacturing in 1939 will depend to some extent on external influences. There are serious economic problems in Canada, but these are capable of solution.

Fortunately, Canada produces many products in large quantities which are needed by other countries, and this fact greatly assists Canada's export activities. We have attained a leading position in the export field, and anything that can be done to maintain and to increase the volume of exports will strengthen us in both international and domestic markets.

The policies of other countries are beyond our control and these policies may be adverse to our interests. The indications are that, if there is no great war, 1939 should witness an improvement in industry as compared with 1938.

* * *

S. J. Hungerford

Chairman and President, Canadian National Railways

Railway results reflect the general level of business activity. The first check on the gradual recovery of Canadian National Railways earnings from the low level of 1933 began with the decline in business activity in the last months of 1937, a decline which continued throughout a great part of 1938.

The revenues in the last quarter of the year indicate a cessation of the downward trend, and there now appear definite indications of the trend turning upward again.

The problem of reducing expenses in the face of declining traffic was made more difficult than it otherwise would have been on account of increases in the price of fuel and other supplies, the restoration of wage rates to predepression levels.

Looking ahead to 1939 the general outlook for the Canadian National System is distinctly better and it would seem reasonable to expect that the improved conditions, which became manifest in the last quarter of 1938 will continue.

The year 1938 saw the opening of Canadian air express and mail-carrying services between Montreal and Vancouver and intermediate centres over the nationally owned Trans-Canada Air Lines. It is expected that the carriage of passengers will begin in the early months of 1939. Operations will be extended eastward to Moncton, Saint John and Halifax when facilities have been made ready.

* * *

Gray Miller

President, Imperial Tobacco Co.

It seems hazardous indeed for anyone to assume the rôle of prophet in these uncertain days and assert that the expectations for Canadian business in 1939 are definitely thus-and-so, when so many incalculable factors are in sight which may intervene and influence both the short and long term outlook. At the moment, however, the position of the accepted indices (which are in advance of this time last year) do suggest that it should be safe to expect a forward movement will continue in Canadian business through the first six months of 1939.

At the end of that time the U.S. presidential elections, pending in Nov., 1940, may be exerting more influence here. So may their policies of "money management." And six months' experience with the new U.S.-U.K.-Canada trade agreement may show us what to expect from it. Another wheat crop will be in sight here—perhaps a Federal election also. Who can appraise the effect of these few but as yet unknown influences?

* * *

R. A. McInnis

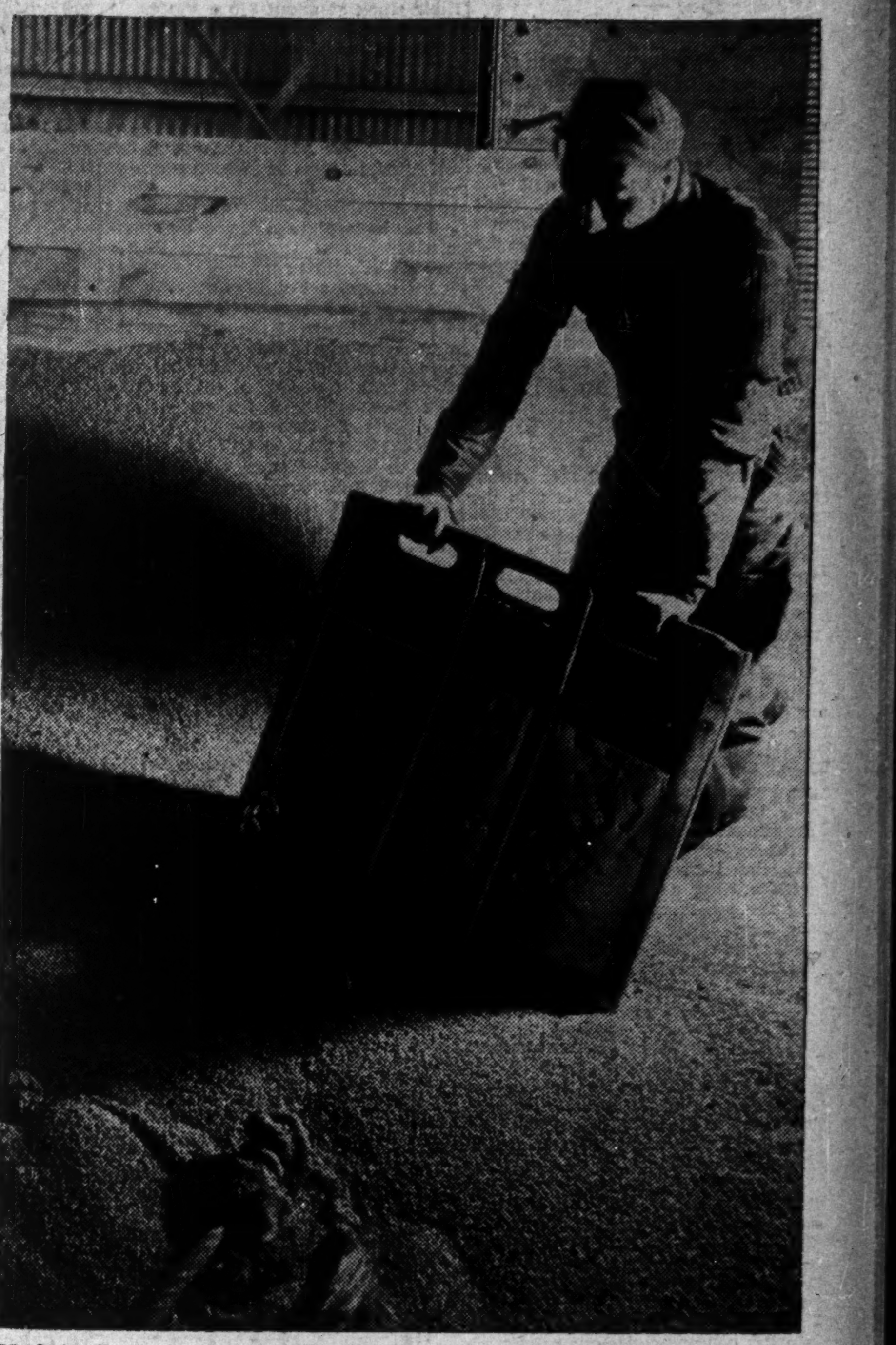
General Manager, Anglo-Canadian Pulp & Paper Mills Ltd., and President, Canadian Pulp & Paper Association.

The Canadian pulp and paper industry completed the year on a substantially better ratio of operation than the first six months. The outlook for 1939 is difficult to forecast owing to many uncertainties in the general situation but the industry as a whole starts the New Year with a much better outlook than existed at the beginning of 1938.

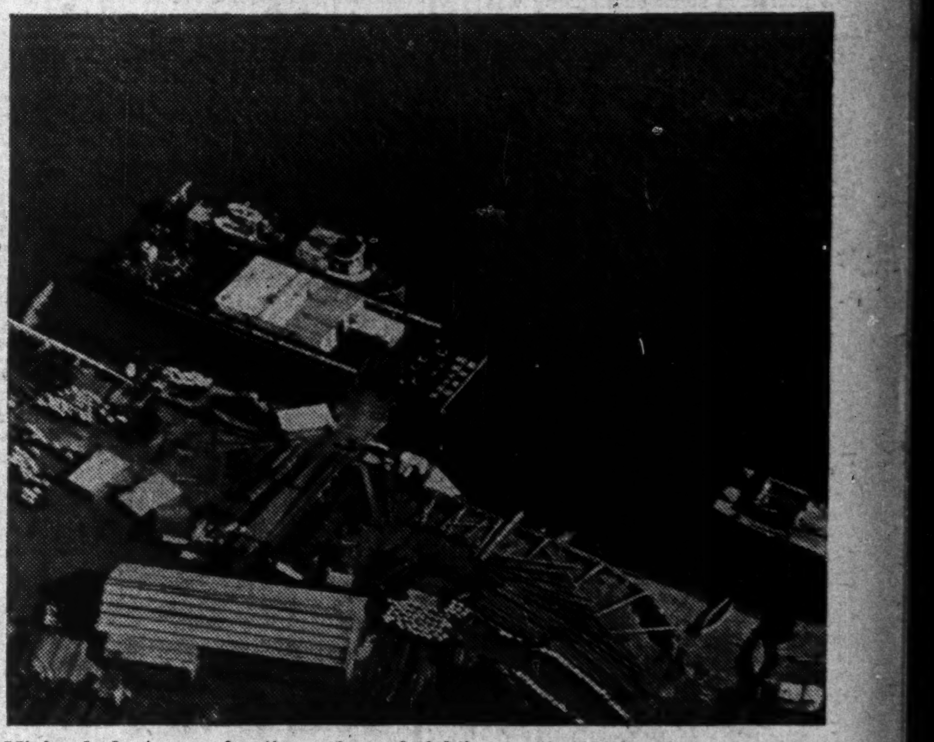
Due to recent advances in U.S. business, advertising has materially improved and newspaper consumption has consequently improved. American converting mills are running at a high rate of operation which has improved the outlook for the ground wood and sulphite pulp markets.

There is every reason to believe from the present outlook that business in the U.S. will show some improvement over 1938 and it is estimated that the pulp and paper industry in this country can reasonably expect a minimum increase of from 7½ to 10% over 1938.

(Continued on page 20)



Markets—the crying need of wheat in 1939.



Mining looks to new frontiers—above, freighting on the Mackenzie.

Fishing expects results from trade agreements.

The forest industries expect a pick-up in the coming year.

Your Investments

What We Do:

1. Give information on Canadian securities to Financial Post subscribers.
2. Publish anonymously letters of general interest.
3. Supply facts rather than opinions.

What We Don't Do:

1. Answer enquiries of non-subscribers.
2. Answer enquiries on foreign securities.
3. Reply by telephone or telegraph.
4. Select lists of securities; express opinions; or make forecasts.

Three-cent stamp and address label from subscriber's copy of The Financial Post must be enclosed. Address letters to The Financial Post, 481 University Ave., Toronto 2.

Price Bros. Common

What do you think of the common stock of Price Bros. & Co. as an investment? What are the possibilities of a dividend in the near future?

Price Bros. & Co. common stock cannot be regarded as an investment. Rather, it is a speculation. No dividends are being paid on the common stock and there is little or no possibility of dividends in the near future. The outlook for the stock is tied up with prospects for the newsprint industry. As you know the situation in the industry this year has not been satisfactory. Prospects are for a better year in 1939. In the year ended March 31, 1938, the company earned 28 cents a share on its common stock. In the current year it is doubtful if there will be anything available for the common.

Cosmos Imperial

I would appreciate a report on Cosmos Imperial Mills.

Cosmos Imperial Mills manufactures heavy cotton duck used in the manufacture of boat sails, canvases, tents, awnings, etc., under the brand name of "Yarmouth," "Ontario" and "Imperial," filters and cotton drier felts. Its plants are located at Hamilton, Ont., and Yarmouth, N.S.

The difficulties of the United States cotton textile companies have entered largely into the picture affecting this company, according to the president, W. S. Burrill. What effect the trade agreements, signed recently, will have upon the companies' operations is not learned yet, but it will probably not be beneficial.

Production and sales for 1937 recorded an increase over 1936 notwithstanding a slight reaction during the late summer and a gain at the close of the year. Demand was well maintained with emphasis on the primary users.

At Dec. 31, 1937, there was $470,000 of 5% first preferred stock, of $100 par value outstanding, and $100,000 no par value common shares. Net profit for the year was $193,176, the highest since 1929, and compares with $173,809 in 1936. Allowance for depreciation was $120,393 in 1937, and $95,062 in 1936. Earnings on the common shares in 1937 were $1.69 as against $1.49 in 1936. Dividends on the common stock have been paid at the rate of $1 a share annually since the quarterly payment of 25 cents on Feb. 15, 1937. An extra of 25 cents was paid on Feb. 15, 1938.

Sinking fund on the preferred stock commenced operations in 1937, and at the end of the year the 5% preferred stock outstanding was reduced from $500,000 to $470,000. Preferred dividend requirements were reduced through the refunding of the 7% preferred issued in 1936. Working capital improved in 1937 from that shown at the end of 1936, but it was still considerably below the former levels. The inventory position at the end of 1937 was satisfactory, according to the company.

Cons. Diversified

I should like some recent information in regard to Consolidated Diversified Standard Securities. Is it true the company has incurred heavy losses during the current year? What is the market price of the first preference shares?

Consolidated Diversified Standard Securities makes no report public other than its annual financial statement. For this reason we are unable to give you any information in regard to its progress in the current year.

We see no reason why the company should have incurred heavy losses in 1938. We presume that you mean there has been a decline in the value of its investment portfolio. In this connection it should be noted that the stock market is currently at about the same level as at the end of 1937. During 1937 there was a decline in the market value of the company's investments from $1,840,087 to $1,144,086.

Earnings in 1937, including profits on securities sold, amounted to $4.46 a share, if profits from the sale of securities is excluded then earnings on the preferred shares were equivalent to $1.12 a share. It is not likely that income, other than from profit on securities sold, will show a substantial decrease this year. Thus, the company should show the 75 cents dividend which it is paying on its preference shares more than covered.

The overcounter bid for the first preference stock is $8.25 a share. Through the company, however, shareholders can find a market for their stock at about $10 a share. It should be noted that the break-up value of the shares is between $20 and $25 a share.

Beauharnois Common

Would you advise the purchase of Beauharnois Power common shares?

The immediate outlook for common shares of Beauharnois Power cannot be said to be bright. There is little prospect of a return on these shares for a number of years. Estimated earnings of the company indicate it will not earn bond interest in full until 1941 and in that year there will be a surplus of only $39,000. The surplus over interest charges is expected to be $342,000 in 1942, $557,000 in 1943 and $792,500 in both 1944 and 1945. Since these figures are before making provision for depreciation it is apparent the company will not be able to pay dividends, especially in view of the sinking fund requirements on the first mortgage bonds and notes.

Investment Foundation

I hold some stock in Investment Foundation Ltd., and would like to have a report from you as to the position of this enterprise.

Investment Foundation is an investment trust of the management type. Like other enterprises of this type, the value of its holdings and revenues suffered severely during the depression years. In 1933, earnings on the preferred stock dropped to $1.84 a share. Since then, the company has recorded a better than average recovery; earnings on the preferred stock moved up to $4.49 a share for the year ended March 31, 1938. In view of this improvement, dividends on the preferred have been increased, and with the payment of the current declaration, the arrears on the preferred stock amount to only $4 a share. During the same period, the equity back of the $50 par value preferred, has moved from a low of $32.38 a share, in 1933, to $69.26 a share at the end of last March.

Sarnia Bridge

Will you please let us have a report on Sarnia Bridge Co. We are interested in the class A stock.

Sarnia Bridge Co. stock is generally classified as a speculative issue. The company operates a structural steel plant in Sarnia and is engaged in fabricating steel bridges, structural steel, steel tanks, towers for water tanks, and various other steel products.

The earnings report of the company has not been particularly impressive. Net profit for 1937 was the highest since 1929, but amounted to only $19,546 as compared with $4,630 for 1936. However, it is important to note in connection with this company, that it has a very small share capital, so that any moderate increase in earning power would result in relatively large share earnings. Thus, on earnings of $19,546 in 1937, the company was able to show $1.65 a share on its class A stock as against 39 cents in 1936. No dividends have been paid since 1931, leaving the accumulated arrears on the class A, amounting to $14 a share as at January 1, 1938. The company is a comparatively small organization and at the end of last year, had assets totalling $767,657. Of this amount, current assets totalled $348,921, and current liabilities $141,786, leaving a net working capital of $107,135. The latter was the best reported since 1931. It is interesting to note that in the 1937 balance sheet, the company had a bank loan of $78,000.

B. C. Power

Back in 1932-33 I purchased class A stock of B. C. Power Corp. It has been a very satisfactory investment but I am somewhat disturbed to note that in recent weeks the value of the stock has declined. Is there any explanation for this?

The decline in the market value of class A stock of B. C. Power Corp. is mainly a reflection of the uncertainty created over the announcement by the British Columbia Government of its intention to set up a Public Utility Board to control the electric and other public utilities of the province.

Indications are that such a regulating board will be to the benefit of the power industry, but at the outset there is the usual degree of uncertainty until the policies of the Commission are established. As far as operations and earnings of the company are concerned, interim reports indicate that there has been no major change.

Another factor influencing the market value of the class A has been the general easiness of the market as a whole. There has been very little speculative trading in recent weeks and the trend of the market has been easier, with declines outnumbering the advances.

Can. Power & Paper

We are holders of Canadian Power and Paper Investment common stock, and would like to have a report on this company's position.

Canadian Power and Paper Investment common stock is still in the speculative class. For the year ended July 31, 1938, the company reported a net loss of $34,502 as compared with a loss of $16,429 in the previous fiscal year, reflecting mainly the transfer of $50,000 to investment reserve in 1938, against $25,000 in 1937.

During the year the company purchased and cancelled $214,300 of debentures, leaving outstanding $985,700.

Investments were carried at a book value of $4,709,074 at July 31; the aggregate value of these investments at quoted market prices at that date was $1,724,457. The equity behind the bonds stood at $1,492 for each $1,000 bond; $9.70 for each preferred share. There has been no equity behind the common for some years.

The common stock is still essentially a long-hold proposition. Further improvement in the position of the company depends very largely upon an improvement in stock market conditions.

Newsprint Outlook

Will you please let me have your views on the outlook for the newsprint industry in 1939?

The outlook for the newsprint companies is more favorable. Current expectations are that the operating ratio of the industry as a whole for 1939 should be around 70% or better of capacity. This would compare with an average operating ratio of about 6% in 1938. With the price schedule maintained, it is only reasonable to expect that operating profits will show a fair increase over the next 12 months.

Corporate Invest. Shifts Portfolio

Adds to Corporation Bond Holdings in 3 Months Ended Oct. 31

Numerous changes in portfolio have been reported for the three months ended Oct. 31, 1938. Chief features of changes was an increase in corporation bonds held and a reduction in common stocks. The trust holds no Government bonds, but as at Oct. 31, 1938, based on cost, 5% of invested capital was in corporation bonds, 29% in preferred stocks and 66%, in common shares. Purchases and sales of securities in the three months ended Oct. 31, 1938, were as follows:

Additions

Bonds:
Dom. Gas & Electric, 6½/45
Inter. Hydro-Electric, 6/44
Mersey Paper, 6/49
Price Bros., 4/57
Preferred Stocks:
Gatineau, 5%
Sherwin-Williams, 7%
Aluminium Ltd., 6%
Common Stocks:
Ford of Canada, A
Consol. Bakeries
Moore Corp.
Asbestos Corp.
B. C. Power, A
Gatineau

Deletions

Bonds:
Gatineau, 5/49
Preferred Stocks:
Can. Bakeries, 7%
Can. Steamship Lines, $2.50
Standard Fuel, 6½%
Common Stocks:
National Breweries
Toronto Elevators
Aluminium Ltd.*
Dom. Tar & Chemical
Imperial Tobacco
Ogilvie Flour*
General Steel Wares*
Hamilton Bridge
Howard Smith Paper
Lake of Woods Milling
Biltmore Hats
Gypsum, Lime
Sherwin-Williams

*Amount held reduced but stock retained in portfolio.

Registration Granted

Punchard Kerr & Co., 350 Bay St., was granted registration as a general broker on Dec. 17, according to information released by the Ontario Securities Commission.

BRIDGE DIRECTOR

W. Taylor-Bailey, vice-president and general manager of Dominion Bridge Co., who has been elected a director of the company. At the same time it is announced that George H. Montgomery, K.C., and Paul F. Sise, Montreal, have also been elected directors.

Company Acts Changes Slow

Little Progress Being Made in Arriving at Uniform Legislation

From Our Own Correspondent

OTTAWA.—Few, if any, changes are expected next year in the ten varying sets of company laws now operating in Canada.

The Dominion Government is not contemplating any amendment to the Dominion Act which was revised in 1934 and again in 1935.

Provincial Governments, before they make any radical changes are expected to wait for completion of the work of the Dominion-Provincial Committee appointed in 1935 to work out a uniform code of company laws for Canada. This committee has not met since 1937 though sub-committees have been active in all provinces. While rough drafts of possible legislation have been submitted to provincial governments there has been nothing so far which met general approval even within the committee itself.

In its attempt to introduce uniformity in company law throughout the Dominion the committee has been working toward a double goal. In the first place the present picture with the laws for incorporation in one province differing widely from those in the next has brought needless confusion and expense. In attempting to eliminate this condition the committee has been up against the old handicap of local and provincial feeling. Some success has been achieved but the going has been slow.

The second aim is to correct the present system which allows a shady promoter to travel across the Dominion until he finds in one or other of the ten acts a loophole which fits his particular need of the moment. This means not only bringing about a measure of uniformity but raising standards generally in the provincial fields.

The main achievement so far and in fact the only move that has met with approval has been in connection with regulation of prospectuses. Most provinces have already adopted such regulations. Further moves may be made in this direction during the coming legislative sessions.

REDUCTION REFUSED

From Our Own Correspondent

MONTREAL. — Town councillors of Ville La Salle, Montreal suburban municipality, have rejected the request of Distillers Corp.-Seagrams Ltd. for a reduction in the assessment of the company's property from $840,000 to $741,000.

Proposes Joint Board To Reduce Rail Costs

Following several years of intensive study, Lesslie R. Thomson, consulting engineer of Montreal, has published a thorough economic study of the Canadian railway problem which concludes with a suggested plan for solution of that problem.

Mr. Thomson proposes a scheme of "common management" of the Canadian National Railways and the Canadian Pacific Railway, that falls short of amalgamation of the two systems. His plan envisages operating savings up to $34 millions annually which would, along with gradually improving railway earnings, ultimately relieve the Canadian Government of the necessity of digging up each year a large sum in cash to meet Canadian National Railways losses.

Mr. Thomson surveys but rejects as unfeasible for various reasons all presently proposed solutions including the Beatty plan of unification, the Ruel plan of joint operations, and the proposal for government ownership of both railways.

Lesslie Thomson, author of the plan, which is published in a 1,080-page book "The Canadian Railway Problem," is an engineer who achieved considerable prominence in post-war years as executive secretary of the National Research Council and of the Lignite Utilization Board of Canada. He is well known for his studies of the fuel problem in Canada and of the St. Lawrence Waters project. Between 1921 and 1935 he was a lecturer and professor on the engineering faculty of McGill University and is now in private practice.

His book is published by the Macmillan Co. of Canada.

Twelve Props for Plan

Mr. Thomson, in drafting up his plan for a solution of the railway problem, bases it upon 12 considerations which he regards as fundamental. He urges a recognition of the trend to public ownership; of the change of status in railways; of the close link between the health of the railways and the economic prosperity of Canada.

Competition between railways is no longer necessary to maintain rail efficiency, he argues; in fact there is an inherent injustice in competition between a public and private company. But he sees little difference in operating skills between the two roads.

He urges that any solution should recognize the moral obligation to labor.

No railway solution should be adopted that is irrevocable, he avers. The heart of the problem is debts and steps should be taken to retrieve and correct the failure to put the railroads through the wringer between 1917-1921. Nevertheless much new money will have to be put up by the taxpayers, whatever solution is adopted, not only to meet deficits for some years yet but for new capital expenditures. The immediate necessity is to find a way to reduce total annual expenses without injury to the interests involved. Canada should regard itself as trustee of the large investments it has already made in the Canadian National.

Opposed to Amalgamation

With these 12 considerations established Prof. Thomson drafts his plan.

He rejects all forms of unification, amalgamation, leasing of one road by the other, etc., on the ground that all such plans contravene one or other of the 12 principles which he considers basic. In "Utopia" an ideal solution — putting emphasis only upon efficiency and profits—would be joint control under private management but this is Canada and not Utopia and so Mr. Thomson discards such a plan. He also discards joint operation under public control, at least for the near future, on the grounds of the grave dangers of political control, although holding the view that public ownership may probably be the ultimate fate of the railways of Canada.

Would Have One Super-Board

Having rejected so much the author introduces a compromise plan which he calls The Plan of Common Management. Under this plan a Common Board would be set up by the two systems to bring about the maximum savings consistent with as little disruption as possible to essential services. There would be no change in ownership.

Mr. Thomson holds that present conditions are favorable for adoption of such a plan.

At the same time the author feels that something should be done about extinguishing the excessive debts of the Canadian National Railways, and even of the Canadian Pacific Railway, either through bankruptcy proceedings or establishment of sinking funds.

Considerate treatment is urged of displaced labor, by pension schemes whose excess cost over normal would be shared between the government and the railways.

Mr. Thomson outlines at some length the type of board and operating personnel that he proposes.

Savings Up to $34 Millions

Extensive calculations are made of the possible savings to be achieved. On the basis of 1930 earnings, annual economies are estimated of from $2 millions on the least sanguine basis to $33.7 millions on a more hopeful basis.

Estimating the effect of these savings upon the taxpayers and C.P.R. shareholders and allowing for an improvement of 2% in earnings from year to year, Mr. Thomson thinks that cash demands upon the Dominion Government to maintain the C.N.R. would end in 13 years, while in the fifth year of common management the C.P.R. would be able to pay 4% on its preference stock and 4% on the common shares.

Other recommendations made by Prof. Thomson include the establishment of a Dominion Transportation Authority having regulatory powers over all transportation in Canada, and adoption of a policy of a complete review of the railway problem by a Royal Commission every 10 years.

Mr. Thomson's study is illustrated with many tables, charts, comparisons and citations from evidence of royal commission reports, annual statements, etc.

CANADIAN SECURITIES

Dominion and Provincial
Government Bonds
Municipal Bonds
Public Utility
and
Industrial Financing

DOMINION SECURITIES
CORPORATION LIMITED
TORONTO MONTREAL WINNIPEG VANCOUVER NEW YORK LONDON, ENG.
15 King Street West, Toronto

Laurence Smith & Company
LIMITED
INVESTMENT SECURITIES
VICTORIA VANCOUVER TORONTO SAINT JOHN

Court Upholds C. N. R. On Thornton House Rent

From Our Own Correspondent

MONTREAL.—The Court of Appeals has dismissed the appeal of the Montreal Trust Co. from a judgment of the Superior Court rejecting the trust company's suit against the Canadian National Railways for $7,862 rent on the house leased by the C.N.R. for the late Sir Henry Thornton, former president.

In handing down the judgment, Mr. Justice Bond declared no director of the C.N.R. can be directly or indirectly, for his own use and benefit, interested in a contract with the company other than a contract which relates to the purchase of land necessary for railway use.

The court found that the contract, even if thinly disguised, was clearly one between a director of the company and the company.

Halifax Cargo Tonnage Under Last Year's Level

From Our Own Correspondent

HALIFAX. — Traffic handled by the Port of Halifax in November totalled 163,404 tons made up of 116,658 tons of imports, and 46,736 tons of exports.

For the same month last year the inward movement totalled 130,035 tons and outward movement 6,836 tons, for a total of 206,871 tons.

For the first 11 months of this year, the Port handled 1,811,070 tons of cargo, comprising 1,031,545 tons of imports and 779,525 tons of exports. Comparative figures for 1937 show 1,221,885 tons of inward, and 937,292 tons outward, for an aggregate of 2,159,177 tons.

Windsor Hotel Gets New Resident Manager

Beginning early in January, Charles H. Sendey will become resident manager of the Windsor Hotel, Montreal, according to J. Alderic Raymond, vice-president. The new manager comes to the Windsor Hotel from the Hotel Roosevelt, New York.

THE ONTARIO LOAN AND DEBENTURE CO.
LONDON, CANADA
Established 1870
DEPOSITS ACCEPTED DEBENTURES ISSUED
Mortgage loans on owners' homes at low rates of interest
Capital (Fully Paid), $2,000,000 Reserve Fund, $2,400,000

JANUARY
WILL

Review your will every January

Every year thousands of wills become obsolete because their makers fail to bring them up-to-date. Hidden away in some safe deposit box, many of these documents bequeath forgotten property to persons who no longer exist and name executors already dead!

Make it a point to review your will every January and give careful consideration to changed circumstances. Consider, too, the qualifications of your Executor. The addition of a simple codicil is all that is necessary to secure the administrative services of The Royal Trust Company.

THE
ROYAL TRUST
COMPANY

2701RRM

STELCO

PROGRESS

For over twenty-five years The Steel Company of Canada, Limited, has kept pace with every advance in the science of steel-making. Ten years ago its installation of the first system on the American Continent for the general utilization of mixed blast furnace and coke oven gases excited the interest of steel-makers on this Continent. Two new 175 ton Open Hearth Furnaces were built in 1929 and a third 175 ton Furnace was completed in 1937. The year 1938 marked the completion of a new 44" blooming mill (illustrated below). This equipment rolls five ton steel ingots down to a size suitable for a 34" Mill where further processing is continued. This improvement has added greatly to the capacity of Hamilton Works for the production of semi-finished steel.

Stelco's plants keep pace with every advance in the science of steel-making. Illustrated here is the new 44" blooming mill recently installed at Stelco's Hamilton Works. This equipment was made in Canada at a cost of several millions of dollars.

THE STEEL COMPANY OF CANADA, LIMITED
HAMILTON — EXECUTIVE OFFICES — MONTREAL
SALES OFFICES: HALIFAX, ST. JOHN, MONTREAL, OTTAWA, TORONTO, HAMILTON, LONDON, WINNIPEG, VANCOUVER
WORKS: HAMILTON, MONTREAL, TORONTO, BRANTFORD, LONDON, GANANOQUE

Faith in Canada's Future

To lend money on Canadian real estate away back in 1855, when this Corporation was first established in business, required more than good judgment—it required faith. The future of Canada was obscure. Never in the years that have followed has that faith wavered. It governs the Canada Permanent policy to-day.

CANADA
PERMANENT
Mortgage Corporation
Head Office
320 BAY ST. • TORONTO
Assets Exceed $68,000,000

CANADA CEMENT COMPANY LIMITED

Annual Report of the Board of Directors

TO THE SHAREHOLDERS:—

Your Directors present herewith a statement of the affairs and financial position of your Company for the fiscal year ending November 30, 1938.

During the year the demand for cement was considerably less than in 1937 and earnings consequently were affected adversely. The falling off was particularly marked during the early months of the building season. A more vigorous demand developed during the late Fall months, so that in the last quarter of the fiscal year volume was more nearly on a par with that which obtained in the corresponding period of the previous year.

Net earnings for the year amounted to $1,124,511.65 after providing for depreciation and making provision for Provincial and Dominion Income Taxes. This compares with $1,477,831.47 in the previous year, a decline of $353,319.82. Net working capital shows a decline of $314,685.19. This decline in working capital, however, is more than accounted for by the fact that the holdings of the Company's own bonds increased from $16,915.00 in 1937 to $557,000.00 in 1938. Short-term serial bonds retired during the year amounted to $750,000.00. The mortgage on the Canada Cement Building was reduced by $50,000.00.

Capital expenditures made during the year were comparatively small and were used for the betterment of packing facilities, installation of coal pulverizers, and a variety of small items at the different plants to keep them up to date with recent developments in the industry. The mechanical operation of your plants is very satisfactory. The great difficulty from an operating standpoint is the lack of sufficient volume of business to operate the plants to normal capacity.

A special dividend of $2.00 per share on the Preference stock, declared in December, 1937, as mentioned in last year's report, was paid on March 20th. In addition, two dividends of $1.25 each and two dividends of $1.00 each were declared during the year.

Great credit is due the Accident Prevention Committees and the employees generally for their vigilance in accident prevention. Throughout the year, four of your plants had no lost-time accidents; the others reduced their lost-time accidents almost to the vanishing point, with no fatality at any plant. An all-time record was established for the Company in accident prevention.

The outlook for the coming year is more promising. If present prospects materialize, there should be a better volume of business for your Company during 1939.

Respectfully submitted on behalf of the Board of Directors.

J. D. JOHNSON,
President.

CONSOLIDATED BALANCE SHEET, NOVEMBER 30, 1938

ASSETS

CURRENT ASSETS:			
Inventories of Cement, Materials and Supplies as determined and certified by the Management and valued at or below cost, which is below market		$ 1,539,632.36	
Accounts Receivable (less Bad Debts Reserve)—			
Customers' Accounts	$548,478.63		
Other Accounts	88,384.17		
		636,862.80	
Loans to Employees for the purpose of purchase of Company's shares		3,540.92	
Deposits on Tenders		4,883.29	
Government and Public Utility Bonds (Market value $1,125,906.88)		1,060,537.27	
Cash		1,421,207.92	
			$ 4,666,664.56
INVESTMENT IN COMPANY'S OWN BONDS, AT PAR			557,000.00
UNEXPIRED INSURANCE, PREPAID TAXES AND OTHER PREPAID EXPENSES			127,954.03
BOND REFUNDING EXPENSE (less amounts written off)			1,430,000.00
PROPERTY ACCOUNT:			
Land, Buildings, Plant and Equipment, etc. (as appraised by Messrs. Ford, Bacon & Davis, Inc. on the basis of commercial value at September 30, 1927 — $38,267,500.00) and the Canada Cement Building at cost; with subsequent additions and acquisitions at cost, less Depreciation Reserves of $15,309,702.81			39,925,522.22
			$46,707,140.81

LIABILITIES

CURRENT LIABILITIES:			
Accounts Payable		$ 176,409.90	
Bond Interest Accrued		49,687.50	
Preference Dividend declared, payable Dec. 20, 1938		200,869.00	
Provision for Dominion, Provincial and other Taxes		372,658.11	
			$ 799,624.51
FIRST MORTGAGE BONDS:			
Authorized		$20,000,000.00	
Issued Series "A"		$16,500,000.00	
Outstanding—			
3% Serial Bonds due 1939 and 1940		$ 1,500,000.00	
3½% Serial Bonds due 1941 to 1944		3,000,000.00	
4¼% Sinking Fund Bonds due 1951		10,500,000.00	
			15,000,000.00
MORTGAGE ON CANADA CEMENT BUILDING:			
Repayable in semi-annual instalments and balance due in 1948			695,000.00
RESERVES:			
Fire Insurance		$ 750,000.00	
Extraordinary Repairs and Renewals		350,000.00	
Industrial Accidents		58,000.00	
Contingent Reserve		400,000.00	
			1,558,000.00
PREFERENCE SHARES REDEMPTION RESERVE.			55,900.00
PREFERENCE SHARES—6½% SINKING FUND CUMULATIVE SHARES OF $100.00 EACH, REDEEMABLE ON SIXTY DAYS' NOTICE:			
Authorized (of which $21,000,000.00 has been issued)		$25,000,000.00	
Outstanding			20,086,900.00
NOTE: Dividends are in arrears $31.25 per share.			
COMMON SHARES:			
600,000 Shares of No Par Value out of an authorized issue of 750,000 Shares			6,403,904.75
EARNED SURPLUS:			
Profit and Loss Account for the year ending November 30, 1938—			
Profit from Operations, before deduction of the undernoted items	$3,505,012.42		
Income from Investments	46,983.51		
		$ 3,551,995.93	
Deduct:			
Bond Interest	$ 616,881.90		
Mortgage Interest	36,625.00		
Depreciation Provision	1,250,000.00		
Reserve for Extraordinary Repairs and Renewals	40,000.00		
Executive Remuneration	74,013.34		
Directors' Fees	12,140.00		
Legal Expenses	1,824.04		
Proportion of Bond Refunding Expense	110,000.00		
Provision for Dominion and Provincial Income Taxes	286,000.00		
		2,427,484.28	
		$ 1,124,511.65	
Earned Surplus, November 30, 1937		2,288,948.40	
		$ 3,413,460.05	
Deduct: Dividends on Preference Shares		1,305,648.50	
			2,107,811.55
			$46,707,140.81

AUDITORS' REPORT TO THE SHAREHOLDERS:

We have made an examination of the books and accounts of Canada Cement Company Limited and its Subsidiary Companies for the year ending November 30, 1938, and have obtained all the information and explanations which we have required; and we report that, in our opinion, the above Balance Sheet is properly drawn up so as to exhibit a true and correct view of the affairs of Canada Cement Company Limited and its Subsidiary Companies at November 30, 1938, and that the Profit and Loss Account correctly sets forth the result of their combined operations, according to the best of our information and the explanations given to us and as shown by the books of the Companies.

PRICE, WATERHOUSE & CO.,
Auditors.

Montreal, December 19, 1938.

APPROVED ON BEHALF OF THE BOARD:
J. D. JOHNSON, Director.
F. B. KILBOURN, Director.

C. P. R. Announces Staff Promotions

From Our Own Correspondent

MONTREAL. — John E. Armstrong, at present assistant chief engineer of the Canadian Pacific Railway, is to succeed J. M. R. Fairburn as chief engineer. Mr. Fairburn is retiring under the pension regulations of the company.

F. W. Alexander, engineer of maintenance of way, Winnipeg, is being promoted to succeed Mr. Armstrong as assistant chief engineer with headquarters at Winnipeg.

Frank Taylor, right of way and tax agent, is retiring on pension and will be succeeded by John Hunter Forbes who has been appointed right of way and lease agent. William R. Jeffrey is promoted from assistant tax agent to tax agent.

Thomas Britt, general fuel agent, is also retiring. The position of fuel agent is being abolished. Fuel purchases will in future be handled by the purchasing department.

Construction

Outlook is Favorable For 1939 Building

Some Uncertain Factors Cloud Horizon, But Prospect Good for Taking Up of Slack of 1938

By GUY S. CUNLIFFE
Staff Writer, The Financial Post

After allowance for various "ifs" flecking the horizon, outlook for the construction industry for 1939 holds promise of a fairly favorable and active year.

Despite some uncertainties braking resumption of a vigorous trend toward normal volume, 1939 business should at least take up the slack resulting from the serious lag in the early months of 1938. Return of the 1939 total of building activity to the 1937 level would require an increase of about 20% over 1938.

Uncertain Factors

Principal factors qualifying the restrained confidence of observers within the industry are:

1. Continued lack of certainty in the European political outlook, and lack of any assurance that present disturbed conditions will not be intensified into crisis proportions or even war. Until the international situation achieves a greater semblance of settlement and stability, there is bound to be some restraint on undertaking of industrial and commercial building, though presently such restraint is easing to some extent.

2. The improved business and economic activity in Canada, on which construction operations depend to a large extent, springs partly from the rapid recovery of the United States from the 1937-38 recession. But there is still some uncertainty as to how far this will go, or how long it can be sustained even at present levels, with question marks hovering especially over the political field.

3. The recovery trend in Canada so far has shown irregularity in several respects, and lag of a number of economic factors gives the Canadian business picture a somewhat spotty appearance. The outlook is hopeful but gives no ground for assured optimism for a sustained upward trend of business as a whole.

1938 Total

Total of contracts awarded during 1938 is between $186 and $187 millions, reflecting a drop of from 12% to 13% below the 1937 total of $224 millions. This is a Financial Post estimate based on the available total for 11 months of 1938 and the trend during November, complete figures for all of 1938 not being available until early in January.

The year's total of building permits, reflecting urban building only and particularly the accelerated activity in residential, business and public building, will likely show a different trend with a gain of about 10%. The contract award statistics reflect this gain in urban volume in their residential and business classifications, but the grand total has been held down by the lag in industrial and engineering construction. The contrast is shown in the following table:

Building Contracts Awarded
(First 11 months)

	1938	1937	% change in 1938
	Millions of $		
Residential	52.1	53.5	—2.5
Business	60.8	51.9	+16
Industrial	15.2	33.3	—54
Engineering	48.5	74.5	—34
Total	176.6	213.2	—17

Current expectations are that the gains shown in monthly figures of residential contracts since the late summer will be repeated in December, and will convert the slight lag shown above into an increase for the full year. Housing Act loans have been showing 100% increases in recent months. At present there is no sign of any factor developing to prevent the current expanded volume of residential building from carrying over into 1939, at least until the early summer.

There has been no intimation of any action that would curb the present effectiveness of the Housing Act in facilitating house building, especially in the smaller communities. In many sections of the country there is a lack of desirable housing that provides a potential stimulus to further building in 1939. In addition, the demonstrated failure of the low rental housing section of the Act to pave the way for slum clearance and low wage housing schemes may lead to remedial steps that will promote such projects in 1939.

Return of Confidence

The abatement of fear and return of confidence seem to be bringing about greater willingness of builders and investors to undertake residential construction. This should also have a beneficial effect in inducing businessmen and industrial firms to start needed but deferred building facilities in 1939. In this event, the shrunken volume of industrial construction should be expanded and further stimulus given to business types of construction.

It should be pointed out here that the increased total of operations in the "business" classification has resulted largely from extensive construction of public buildings, and of semi-public structures such as churches, schools, hospitals, seminaries, sanatoria, etc. From all available information, however, these types of construction should show sustained volume in the coming year, especially in regard to erection of office buildings and similar structures by both public and private agencies.

Among the projects of this nature slated for the visible future are the two new Government office buildings in Ottawa, to cost $6 millions; the new Bank of Montreal headquarters building in Toronto, estimated to cost $1.5 to $2 millions, and the new station and related facilities embraced by the C.N.R. terminal completion plan at Montreal.

Engineering Work

In the engineering field, the curtailment of operations during the past year has mainly been a reflection of the reduced volume of contracts let for road building in Ontario and Quebec. While hints have been given of expanded programmes for highways during the next 12 months, there is no assurance of any substantial volume except for pre-election vote catching.

However, there are several major projects of other types in view, including the engineering phases of the C.N.R. terminal scheme at Montreal; the new Niagara Falls bridge planned by the Ontario and New York State Governments, likely to cost $4 millions; and another large bridge as yet unannounced. There are also special projects of road building slated for northern Ontario, which should see $5 millions to $7 millions spent by next fall. The Municipal Improvements Assistance Act is stimulating local works projects.

With little reason to fear any serious abatement in public-commercial building or residential building, particularly in mining areas in regard to houses, industrial and highway building seem to hold the answer as to whether 1939 construction volume as a whole will catch up to or exceed 1937 activity. These two categories were entirely responsible for the 1938 decline. With little hope of more than a moderate upturn in engineering volume, prospects revolve mainly around industrial building and regular commercial undertakings.

Problem of Recovery

Over the whole construction picture hovers the problem of how to get the industry moving on a sustained and definite trend toward recovery of desirable normal volume, usually regarded as the 1926-27 level. Even the spurt shown by the contract awards in 1937 carried the total to only 53% of the 1927 figure, and 60% of 1926. Last year's estimated total is less than 45% of 1927, below 50% of 1926. The volume of the past two years is, of course, still more below the boom figures of 1928 and 1929, but few observers feel that such levels are either attainable or desirable by the current recovery movement.

A favorable factor in the 1939 outlook is that the average of building material prices has been declining steadily since it rose to a construction-discouraging peak in the summer of 1937. With the downward trend in the past year accelerated by exemption of building materials from the sales tax, the 1938 index stands at 90, compared with 94 in 1937 and 96 in 1927.

The influence of labor costs is not so favorable. Wage rates edged upward during the past year, chiefly as a result of trades union insistence on higher rates for various trades in the larger cities. It is feared that the upturn of residential and business construction in urban centres may bring a demand for further jacking up of wages during 1939. However, the building trades wage index of about 166 for 1938 is considerably below the 1927 index of 179.

Construction World

Wood for Trinidad

A wider market for Canadian lumber and wood products is expected to result from the $14 millions development programme recently drafted by authorities of Trinidad, and particularly from the $5 millions low cost housing project embraced by the general programme. Largely as a result of the condemnation of working class housing conditions in the colony by the commission which probed labor troubles in 1937, it is planned to construct between 6,000 and 6,500 cottages costing $500 to $800.

In a recent bulletin of the department of trade and commerce, Trade Commissioner M. B. Palmer reports that the programme should increase demand for Canadian building materials, especially lumber, doors, window frames and shingles. While some Douglas fir is used in Trinidad, the widened demand is likely to be mainly for white pine and red cedar. The past two years have seen larger shipments to the colony to meet a demand arising out of activity in erection of better class houses, and this demand should be sustained by the increased spending power resulting from the general development programme of the Government.

* * *

Covering the "Big Hole"

After several years of rumors and denials, work is finally to be resumed on the abandoned Montreal terminal project of Canadian National Railways. The original elaborate scheme has been considerably modified in the new plan to be proceeded with now. Nevertheless, the announced decision to do something with Montreal's "big hole," left gaping when the preliminary work was suspended in 1931, will be welcome news to the Canadian building industry. The terminal project is among the largest and most important of the various major projects indefinitely shelved by the depression.

The original plan called for outlay of $60 millions, and involved construction of extensive centralized terminal facilities, a central station of considerable size, and a large office building adjunct to consolidate accommodation of scattered C.N.R. offices. The new plan reduces the size of the station by about two thirds, and does not embrace office consolidation to any extent. Retained, however, is provision for leasing of sites above the terminal for hotels, shops, theatres, or the proposed civic centre and auditorium.

The revised scheme calls for expenditure of $12.6 millions over a period of three years, to centralize trackage, build the terminal and complete the viaduct to Victoria Bridge. As several millions had been spent by the time the old project was stopped in 1931, the net result is that the completed scheme under the new plan will cost about one quarter of the amount contemplated 10 years ago.

ELECTED DIRECTOR

H. G. Welsford, general manager of Dominion Engineering Works Ltd., who has been elected a director of the company. George H. Montgomery, K.C., Montreal, has also been made a director.

Will Complete Rail Terminal

About $4 Millions Is to be Spent Next Year

From Our Own Correspondent

MONTREAL.—Plans for completion of the proposed central terminal here at a cost of about $12.6 millions have been announced by S. J. Hungerford, C.N.R. president. Work is to be spread over a three-year period with about $4 millions to be spent in 1939.

The new plans call for a much more modest project than the one commenced prior to the depression. Whereas the present scheme calls for an expenditure of $12.6 millions, the original plans involved an expenditure of between $50 and $50 millions. Work on the original scheme was suspended in 1931.

Fewer Terminals

The prospect involves the following improvements:

(1) A central passenger station and mail and express depot to handle the traffic now entering the Bonaventure station, the Tunnel terminus and the Montreal and Southern Counties Railway station.

(2) Completion of the viaduct connecting the central station with Victoria Bridge, which spans the St. Lawrence River.

(3) Construction of a connection between the viaduct and the present main line of the C.N.R. at Point St. Charles.

(4) Electrification of tracks between the central station, Turcot, and St. Lambert, across the river.

For 1939 the work will be confined to completion of the excavation at the station site, the building of a track structure there and work on the viaduct, which is now about half completed. The only part of the viaduct which is not to be undertaken in 1939 is a bridge over the Lachine Canal.

Reasons For Action

In studying the project the following factors were taken into consideration, according to the official announcement:

(a) Necessity for rational coordination of passenger and freight terminals of the C.N.R. in the interests of efficiency and economy.

(b) The adverse effect, financial and otherwise, upon the company's operations through continued use of antiquated and unco-ordinated terminal facilities inherited from predecessor companies.

(e) The long standing grade crossing problem in Montreal.

(d) The effect upon the development and growth of the city industrially and otherwise.

(c) The provision of a satisfactory service between South Shore communities and the centre of the city.

(f) The amount of money already invested in the property standing idle.

Completion of the project is undertaken partly as an unemployment aid. Because of this the Federal Government is contributing to the cost of the work a portion of the funds voted by Parliament in its construction and rehabilitation appropriation.

Tenders have been called for the work to be undertaken in 1939 and must be submitted by noon on Jan. 12 next.

Small Centres Get More H.I.P. Loans

Percentage of Farm Improvement Loans Shows Drop

A larger proportion of Home Improvement Plan loans is being absorbed by hamlets, villages and small towns, it is shown by latest bulletins of the department of finance on volume of loans under the plan.

Analysis of loans made up to Oct. 31 last shows that of the grand total on that date of $22.3 millions, loans in cities and towns of over 5,000 population accounted for $16,911,974 or 75%. Total of loans in rural areas for improvements to farm properties, including renovation of both residences and other farm structures, is reported at $3,148,643, or 13% of the grand total. In some provinces, farm loans absorbed a larger percentage. In Alberta, the ratio is 22%.

The proportion of loans in the larger urban centres has remained fairly constant during the past year, but the ratio of farm loans has dropped from 15% to 13%. This means that a larger volume of loans is going to the small settlements not covered by either the report on city loans or the analysis regarding farm loans.

The farm loans to Oct. 31 numbered 8,279, indicating an average amount of about $380, while the urban loans numbered 40,680 and averaged $415 apiece. Of the urban loans total of $16.9 millions, the 17 cities with a population of 40,000 or over absorbed $8.8 millions or more than 50%. Toronto leads the Dominion with a total of $2.2 millions.

Ottawa Speeds Beautification Central Square Takes Form

From Our Own Correspondent

OTTAWA.—The hub of Ottawa's ambitious beautification scheme has taken shape.

For months Connaught Square, in the centre of which the National War Memorial now towers, has presented a conglomerate picture of steam shovels, ditches, hoardings, scaffoldings and mammoth piles of steel rails. A good many of them are still to be seen as work continues 24 hours a day in the race against winter, but the general layout of the Connaught Place design can now be seen.

Included in this development has been the widening of the viaduct over the canal by more than 100 feet. It has involved the raising of an adjoining road level by more than 10 feet. It has necessitated the tearing up and re-routing of more than 200 yards of street car track. An even greater feat, at Ottawa's heaviest traffic centre, has been the rerouting of a whole network of power wire ducts which underlie the square.

Spacious Triangle

The result is a spacious triangle nearly 400 feet across, one side of which is the wide new boulevard which runs in a graceful curve from Elgin Street across the Rideau canal to the Union Station. This new artery is now open to both motor and street car traffic.

When Connaught Square is completed by May 15 next year a similar broad boulevard will mark the other two sides of the triangle. A granite terrace will surround the memorial which will be approached from the south by steps 70 feet wide.

The total cost of this Connaught Place project will be about $800,000, including outlay for:

Bronze sculpture on monument	$160,000
Masonry, concrete work	124,000
Granite terraces, steps	188,000
Landscaping	20,000
Bridge widening, roadways, re-routing of tracks	300,000

New Post Office

Steel work is nearing completion on the new post office building which will command the west side of the square. The entire building will be completed by next summer at a cost of $602,000.

Negotiations have now been started with the Ottawa City Council for the widening of Elgin Street to form the southern approach to the square and monument. Tentative plans call for a boulevard 159 feet wide which will extend for about one eighth of a mile.

To the west of the Parliament Buildings on Wellington Street the Confederation Building and the new Justice Building mark the earlier stages of the beautification plan. Excavation work has now started on the $2.5 million Supreme Court building in this section, while work contemplated still further to the west includes two new Government office buildings which will probably cost between them about $6 millions.

Builders Face Control Issue

Construction Convention to Deal With Regulation Problem

With conditions outside the construction industry favoring resumption of the recovery toward normal activity, the coming convention of the Canadian Construction Association will be featured by efforts to grapple with internal difficulties hampering the industry.

Meeting in Winnipeg Jan. 10-12, the several hundred delegates to the convention will focus attention on the problem of regulating the operations of those engaged in the industry, either by legislative control or self-regulation.

The contracting, supply and manufacturing divisions of the industry have all been vexed in recent years by the intrusion of "chiselling" firms and individuals. Of unstable financial status, such firms have resorted to less-than-cost price cutting and unscrupulous business practices. Cases have arisen in which fly-by-night firms have bid in contracts at low figures, and then failed to meet obligations to supply houses and subcontractors, often by resort to bankruptcy proceedings or even by departure of principals from the country.

Long-standing Problem

For some years past, various means have been discussed at C.C.A. conventions and in the industry generally of protecting both legitimate operators in the industry and buyers of construction work. Proposals advanced have included licensing or registration of contractors, tightening of credit regulations by the industry itself, compelling contractors to make deposits to ensure performance of contracts and payment of obligations; and legislation penalizing failure to fulfil contracts or pay debts.

Virtually all such proposals have failed to make any decisive headway, either within the industry or with Government authorities. This has been partly due to the fact that the C.C.A., while it embraces most of the leading firms in the industry, represents but a limited proportion of all construction operators, especially in the contracting field. It would be difficult to make binding on the industry, even on members of the Association, any convention decisions as to ethics, credit rules, business practices, or requirements for entry into the business.

On the other hand, Government authorities approached for aid in curbing undesirable practices have (a) failed to be impressed by the organizational strength of the association; and (b) have objected that regulatory proposals would require extensive, costly administrative machinery to be effective.

Concentrate on Question

However, the climb of the industry out of the barren valley of depression has brought intensification of the malpractice problem. All indications are that the coming convention will see a special effort to deal with it. One whole afternoon of the three-day gathering will be devoted to various aspects of the question.

Launching the afternoon's discussion will be an address by Hon. W. J. Major, Attorney-General of Manitoba, on protective provincial legislation, particularly statutes affecting the construction industry. The speech will be featured, it is expected, by his report on results of Manitoba's "trust fund" legislation, a statute that has aroused considerable interest among building men throughout the country. In effect, it puts payments to contractors in the category of a trust fund until all obligations have been met, and penalizes those who divert such funds to their own use before paying off sub-contractors and supply firms.

A comprehensive analysis of this method and of alternative regulations such as licensing and registration will be given the meeting by F. G. Rutley, vice-president of the Foundation Co. of Canada, Montreal, and immediate past president of the Association. As chairman of the Association's licensing committee, Mr. Rutley has made a special study of the whole problem.

Kelowna, B.C.—Tax collections to Oct. 19, including arrears and interest and city tax sale purchases redeemed were $113,764. In 1937 the total levy was $112,769, of which $107,890 or 95.85% was collected. The total amount on the tax roll for 1938, including arrears delinquent was $123,569. Of this amount $6,665 of unpaid 1938 taxes was left at Oct. 19, 1938 while the unpaid 1937 taxes at the same time amounted to $3,192.

New Building

Bell Telephone Co. has decided to proceed soon with erection of a seven-story building at London, Ont., to house administrative offices and equipment to provide dial telephone facilities to that city. Site has been acquired.

Montreal Protestant School Board is having plans drafted for construction of $415,000 school building in the Notre Dame de Grace district, to be used either as a junior high school or a commercial school.

Christie, Brown & Co. have construction under way of a substantial addition to the firms Toronto plant.

Woodward Stores Ltd., Vancouver, is building a $250,000 six-story addition to its department store in downtown Vancouver, and will construct an auditorium and gymnasium unit as a memorial to the company's founder, the late Charles Woodward.

Canadian Car & Foundry Co. is planning to award contract shortly for reconstruction of former John Davidson foundry, adjacent to company's Turcot works, into plant for production of aircraft and parts. Estimated cost of project, necessitated by contracts for production of aircraft for British air force, is set between $125,000 and $150,000.

Vancouver Board of Education plans to call early in 1939 for new tenders for $390,000 programme of new schools and additions, shelved because of financing difficulties last fall.

Reported by Engineering & Contract Record:

Dominion Bridge Co. has been given contract for trestle in connection with million dollar programme of improvements to dock facilities of Algoma Central Railway at Michipicoten Harbor, Ont.

Quebec Dept. of Labor has started work on $100,000 park project at Beauharnois, Que., which includes provision for swimming pool and bandstand; and on $150,000 park projects at St. Jerome and Valleyfield.

Quebec Dept. of Public Works has started excavation and grading work for $1 million sports centre development at Montreal.

Gypsum, Lime & Alabastine Canada Ltd. has started work on construction of two new kilns at its Beachville, Ont., plant, the work to cost about $75,000.

J. A. Watson, Toronto, is having plans prepared for $250,000 apartment house in Forest Hill Village, Toronto suburb.

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STOCK AND BOND MARKET QUOTATIONS

†Toronto and Montreal Stock Exchange Quotations

The following table is confined to official prices for listed stocks, including curb market quotations. Where no transaction is recorded, bid and asked prices are given. For unlisted stocks, quotations by unlisted dealers are published. The Financial Post cannot accept any responsibility for such quotations.

WEEK ENDING DECEMBER 26

Range 1938 High	Low	Div R'te $	Dec24 Y'ld %		Sales	Last Dec. 19	Week end. Dec. 26 H	L	Cl'se
				A					
4.75	1.00	.	...	Abitibi	12920	2.50	2.75	2.00	2.50
33	8¼	.	...	Do. pref. 6%	6799	20¼	20¼	16¼	18¼
43	23¼	.	...	Do. pref. 7%	....	(24 bid 27 asked)			
4¼	4	30c	7.5	Acadia Sugar	....	(3 bid — asked)			
7	5	50c	10	Acme Glove	10	5	5	5	5
82	60	6.50	10.8	Do. pref.	....	(— bid 70 asked)			
11	8¼	60+20c	8	Agnew Surp.	100	9¼	10	10	10
110	103	7	6.4	Do. pref.	....	(107 bid 111 asked)			
16⅛	13	.	...	Algoma Steel	95	13¼	13⅛	13	13
69	65	.	...	Do. pref.	6	68¼	69	69	69
5¼	2	.	...	Alta. Pac. Gr.	335	2¼	2¼	2	2
29	10¼	.	...	Do. pref.	....	(— bid 22 asked)			
140¼	75	.	...	Aluminium	50	138¼	138	138	138
110¼	107	6	5.5	Do. pref.	....	(108¼ bid — asked)			
3	2	.	...	Amal. Electric	....	(— bid 2¼ asked)			
30	25	.	...	Do. pref.	....	(25¼ bid — asked)			
26¼	23	60c	2.6	Amer. Cyn. B.	....	(23 July 7)			
116	47	2+3	4.7	Asbestos	1279	110	108	105	108
17	11¼	80+45c	8	Assoc. Brew.	390	17	16¼	16	16
114	108⅛	7	6.2	Do. pref.	....	(113¼ bid — asked)			
6¼	6¼	.	...	Assoc. T. & T.A.	....	(— bid 8 asked)			
43¼	34	1.26	...	Do. pref.	....	(— bid 37 asked)			
102	100	5.50	5.4	Ault & Wiborg	5	100	102	102	102
				B					
166	160	8	4.9	Bk. Can. Nat.	76	164	164¼	164	164¼
223	195	8	3.8	Bk. Montreal	148	206¼	210	207	207¼
310¼	290	12	4	Bk. N. Scotia	32	300	302	300	301
249	227	10	4.2	Bk. Toronto	18	240	236	235	236
6	4¼	.	...	Barcelona	....	(4¼ bid 14 asked)			
6	4¼	.	...	Barker's Bread	....	(4 bid 5 asked)			
40	30	2.50	7.2	Do. pref.	....	(— bid 40 asked)			
11¼	6¼	25c	...	Bathurst Pr.	90	8⅛	8⅛	8¼	8¼
5	2	.	...	Do. (B)	75	3¼	3¼	3	3¼
2¼	1	.	...	Bawif Grain	....	(1¼ bid 1⅛ asked)			
29	12	.	...	Do. pref.	....	(15 bid 20 asked)			
2	2	.	...	Beath & Sons	....	(1⅛ bid 3 asked)			
15	6	.	...	Beatty Bros. A.	....	(6 bid 7 asked)			
106	90	6	5.9	Do. pref.	....	(100 bid 101 asked)			
105	85	7	7.1	Do. 2nd pref.	....	(— bid 99 asked)			
5⅛	2	.	...	Beauharnois	803	3	3¼	2¼	3
97	97	4	4.1	Belding Cort.	....	(— bid 100 asked)			
135	129	7	5.4	Do. pref.	10	131	129	129	129
169	146¼	8	4.8	Bell Telephone	682	167¼	167¼	166	166⅛
11⅛	6¼	50+12½c	8	Biltmore Hats	....	(7⅛ bid 8¼ asked)			
5	3	.	...	Blue Ribbon	....	(3¼ bid 4¼ asked)			
35	25	2	6.4	Do. pref.	40	31	31	31	31
25	21	1.30	5.4	Brant. Cord. pf.	....	(21⅛ bid 24 asked)			
14¼	7¼	.	...	Brazilian Tr.	2851	9¼	9¼	8⅛	9
7¼	3	50+50c	..	Brew. & Distil.	60	4¼	4¼	4¼	4¼
6	5¼	30c	6	Bright, T. G.	....	(6⅛ bid — asked)			
80	77	6	7.8	Do. pref.	....	(78¼ bid 90 asked)			
22	16⅛	1	4.6	Brit. Amer. Oil	3085	21¼	21⅛	21¼	21⅛
16	9	.	...	B. C. Packers	177	12¼	13	12⅛	13
34	23⅛	2	8	B. C. Power A.	485	24¼	25	23⅛	24¼
5¼	2¼	.	...	Do. (B)	260	2⅛	2⅛	2⅛	2⅛
5⅛	2¼	.	...	Bruck S. Mills	239	4¼	4	3¼	4
16	15¼	70+10c	5	Building Pr., n.	835	16	16	15¼	15¼
14¼	9¼	60c	5.2	Burlington Steel	115	11⅛	11⅛	11⅛	11⅛
3¼	2	.	...	Burry Biscuit	....	(— bid 4¼ asked)			
38	35	3	8.6	Do. pref.	....	(— bid 40 asked)			
28¼	16¼	1.20	4.4	Burt, F. N.	1105	27¼	28	27¼	27⅛
				C					
85	82¼	.	...	Calgary Power	....	(82¼ bid — asked)			
95	83¼	6	6.3	Do. pref.	....	(92⅛ bid — asked)			
7	2	.	...	Canada Bread	50	4¼	4¼	3¼	4¼
96	80	5	5.3	Do. pref.	....	(100 bid 101 asked)			
52	40	2.50+50c▲	5	Do. pf. B.	41	51¼	51¼	51¼	51¼
9	3¼	40c	10	Canada Bud	25	4	4	4	4
13	7	.	...	Canada Cement	2307	8⅛	10	8¼	9⅛
110	84¼	4.50+2▲	4.7	Do. pref.	107	95	96	95	96
30	23	50c+25c	..	C. & D. Sugar	230	28¼	28⅛	28¼	28⅛
b21¼	12¼	25c	...	Canada Dry	5000	18¼	18⅛	17¼	18
17	9	1.25	...	Can. Forg. (A)	....	(11⅛ bid — asked)			
10¼	7¼	.	...	Do. (B)	....	(10 bid — asked)			
30	20	.	...	Can. Iron	1	20	20	20	20
70	55	5	9.1	Do. pref.	1	55	55	55	55
36¼	27	1.50+.50	6	Can. Malting	715	34	34¼	33⅛	34¼
20	16	1.20	7	Can. Nor. Pr.	105	17	17	16¼	17
112¼	103	7	6.4	Do. pref.	170	110	110	109¼	110
72	58	3	4.3	Can. Packers	25	71	70	70	70
*7	1½	.	...	Can. Pav., pf.	....	(— bid 1⅛ asked)			
150	128	8	5.7	Can. Perman.	5	140	140	140	140
7	6	50c*	...	Can. Starch	....	(6¼ bid 7¼ asked)			
108	105	7	6.5	Do. pref.	....	(105 bid — asked)			
4⅛	1¼	.	...	Can. Steamsh's.	478	2¼	2¼	2¼	2¼
16⅛	6¼	50c*	...	Do. pref.	285	9⅛	9⅛	9	9¼
17¼	12	1.20	8.6	Can. Vinegars	85	14	14¼	14	14
67	47	.	...	Can. W. Cable	90	58	58	58	58
22	15	.	...	Do. (B)	....	(18⅛ bid 20¼ asked)			
105¼	96¼	6.50+10▲	...	Do. pref.	....	(104 bid — asked)			
3	1¼	.	...	Can. Bakeries	....	(— bid 2 asked)			
40¼	25	.	...	Do. pref.	40	40¼	39¼	39	39
180¼	157	8	4.5	Can. Bk. Com.	71	174	176	175	175
2.50	.90	.	...	Can. Breweries	4891	1.55	1.95	1.55	1.80
23	14	2	8.7	Do. pref.	2020	20¼	23	20¼	23
41	28¼	1.50+50	5	Can. Bronze	25	38	38	38	38
106	102⅛	5	4.8	Do. pref.	....	(104 bid — asked)			
6	4	.	...	Can. Canners	25	4⅛	4⅛	4⅛	4⅛
19	15¼	1	5.8	Do. 1st pfd.	530	17⅛	18	16¼	16¼
9	6¼	60c	8	Do. 2nd pfd.	605	7¼	7¼	7	7¼
18¼	7¼	.	...	Can. Car & Fd'y	7440	16	18	15¼	18
32¼	18¼	1.75	5.5	Do. pref.	1970	32	32¼	31	32¼
20	9	1	7.8	Can. Celanese	5	13⅛	12⅛	12⅛	12⅛
107	88	7	7	Do. pref.	10	100	100	100	100
20	15	1	...	Do. Rights	....	(18¼ bid 20 asked)			
10¼	6	.	...	Can. Convert.	....	(7 bid 10 asked)			
76	63	4	6	Can. Cottons	....	(65 bid — asked)			
108	99	6	6	Do. pref.	....	(100¼ bid 105 asked)			
35	15	1	4.5	Can. Dredge	....	(22¼ bid — asked)			
106	100	6	5.7	Can. Fairb., pf.	....	(105 Nov. 29)			
19	6	.	...	Can. For. Inv.	....	(— bid 11⅛ asked)			
105	100	8	8	Do. pref.	....	(— bid 100 asked)			
194	170	6	3.2	Can. Gen. Elec.	....	(— bid 225 asked)			
8¼	7¼	50c	6.2	Can. G. Inv.	40	8	8	8	8
4⅛	1¼	10c	...	Can. Ind. Alc.	1515	2¼	2⅛	2¼	2¼
4	1¼	10c	...	Do. (B)	1005	2¼	2⅛	2¼	2¼
224	178	6	2.7	Can. Indust. B.	5	220	208	208	208
167¼	155	7	4.2	Do. pref.	....	(167¼ Dec. 14)			
1.00	.50	.	...	Can. Int. I. Tr.	....	(— bid 1.00 asked)			
*90	70	4.25	...	Do. pref.	....	(— bid 53 asked)			
16¼	13	1	6.9	Can. Lt. & Pr.	30	14⅛	14¼	14¼	14¼
10¼	5¼	.	...	Can. Locomo.	....	(7 bid 12 asked)			
1.65	.75	.	...	Can. Marconi	900	1.00	1.05	.95	1.00
17	10	50+12½c	4	Can. Oil	2807	14	17	15	16¼
125	110	8	6.4	Do. pref.	15	123	125	125	125
8¼	5	.	...	Can. Pacific	3095	5¼	5⅛	5¼	5¼
2.00	.40	.	...	C. Pr. & Pa. In.	1	1.00	.40	.40	.40
10	3	.	...	Do. pref.	....	(4¼ bid 5¼ asked)			
12⅛	3	.	...	Can. Vickers	....	(9 bid 9¼ asked)			
50	15	.	...	Do. pref.	20	42	42	41	42
12¼	8	1	8.3	C. Wallpaper A.	....	(10 bid 19¼ asked)			
12	12	1	8.3	Do. (B)	....	(10 bid 15 asked)			
58	50	2	3.8	Can. West'ho'se	....	(53 bid 54 asked)			
3.50	1.95	15c	...	Can. Wineries	....	2.75 bid 3.50 asked			
21	17	1.50	8	Can. Wire Box	340	19¼	19¼	18⅛	19
3.15	1.00	.	...	Capital Estates	24	1.05	1.00	1.00	1.00
106	98¼	5	4.7	Carnation, pfd.	....	(104⅛ bid 106 asked)			
6¼	3	50c	11.1	Catelli Food	....	(4¼ bid 6¼ asked)			
11¼	7	75c	7.5	Do. pref.	50	11⅛	10	10	10
2	1⅛	.	...	Celtic Knit.	....	(1⅛ bid — asked)			
170	158	8	5	Cent. Can. L'n.	....	(— bid 195 asked)			
105	98	4+1	4.8	Chartered Trust	....	(90 bid — asked)			
.95	.25	.	...	Chem. Research	1700	.60	.50	.50	.50
.70	.25	.	...	City Gas & El.	....	(.35 Dec. 19)			
.35	.10	.	...	Claude Neon	1900	.10	.10	.10	.10
1.35	1.00	12c	10.1	Coast Brew.	200	1.19	1.19	1.19	1.19
13¼	6⅛	.	...	Cockshutt Plow	825	8	8¼	7¼	8
2.12	.90	.	...	Comm. Alcohol	10095	1.85	2.12	1.80	2.00
4⅛	4	40c	8.4	Do. pref.	....	(4⅛ bid 4¾ asked)			
5	3⅛	20c	...	Conduits Nat.	....	(3¼ bid 4 asked)			
17	11¼	1+15c	7.3	Cons. Bakeries	166	15¼	15⅛	15	15¼
9⅛	3¼	.	...	Cons. Paper	4141	7	7	6⅛	6⅞
15	9	90c	...	Cons. Press	....	(— bid 10 asked)			
82¼	17	5.25	...	Cons. Sand. pf.	....	(70 bid 85 asked)			
66⅛	45⅛	1+1.50	4.2	Cons. Smelters	1315	59¼	60¼	59¼	60
199⅛	173	10	5.6	Consumers' Gas	134	178	180	178¼	179⅛
82	40	.	...	Corr. P. Box, p.	....	(40 bid 44 asked)			
24	16	1+25c	6	Cosmos Imp.	12	20	20⅛	19	20⅛
105	101¼	5	4.8	Do. pref.	30	105	105	105	105
21¼	16¼	1+25c	5.9	Crown Cork	5	21¼	21	21	21
3	1¼	.	...	Crown Dom. Oil	....	(1¼ bid — asked)			
39	27	3	10.3	Crow's N. Coal	203	29¼	29	29	29
3⅛	3	.	...	Cub Aircraft	1735	3⅛	3¼	3	3¼
				D					
15	3	60c+20c	6	David & Fre. A	20	12⅛	12⅛	12⅛	12⅛
3.50	.50	.	...	Do. (B)	....	(— bid 3 asked)			
14¼	5	.	...	De Havilland	....	(— bid 10 asked)			
80	65	.	...	Do. pref.	....	(65 bid 75 asked)			
3	3	.	...	Disher Steel	....	(2⅛ bid 4¼ asked)			
*18⅛	15¼	50c	...	Do. pref.	....	(— bid 14 asked)			
23¼	11	1.50	...	Distill-Seagram	11	19⅛	20	19	19⅛
91	66¼	5	5.6	Do. pref.	....	(— bid 90 asked)			
..	..	.	...	Dom. Ang. Inv.	....	(— bid 69 asked)			
*85	95	5	...	Do. pref.	....	(79 bid 84 asked)			
216	189	10	4.9	Dom. Bank	37	205	205	204	204
39⅛	21	1.20	3.2	Dom. Bridge	1115	35⅛	37⅛	35	36
20	15	1.50	9.4	Dom. Coal, pf.	505	17	16¼	16	16
48¼	21	50c	...	Dom. Engineer.	127	40¼	44	40	44
56	25¼	1.30	2.6	Dom. Foundries	337	50	49¼	49	49
104	98	6	5.8	Do. pref.	....	(102¼ bid — asked)			
110	96⅛	5	4.9	Dom. Glass	....	(104 bid 110 asked)			
150	142¼	7	4.7	Do. pref.	10	150	150	150	150
33	30	.	...	Dom. Oilcloth	....	(33 Dec. 13)			
2.00	.70	.	...	Dom. Scot. Inv.	20	.80	.85	.85	.85
33	29	2.50	...	Do. pref.	....	(32 bid 35 asked)			
16⅛	8¼	.	...	Dom. St. & C.B.	4112	11⅛	12⅛	11¼	12¼
8⅛	4¼	.	...	Dom. Stores	301	5⅛	5¼	5	5
10	4¼	.	...	Dom. Tar & Ch.	100	6¼	6	5¼	6
85	71	5.50	7.2	Do. pref.	5	76	76	76	76
70	58	5	8.2	Dom. Textile	140	62	61⅛	61¼	61¼
150	135	7	4.8	Do. pref.	30	145	146	145	145
8¼	3¼	.	...	Donnacona P.A.	945	5¼	5¼	5	5⅛
7⅛	3¼	.	...	Do. (B)	91	5	5	4¼	4⅛
8¼	4	.	...	Dryden Paper	55	6	6	5¼	5¼
				E					
1.25	.75	.	...	East Koot. Pr.	....	(— bid 2 asked)			
13	5	.	...	Do. pref.	....	(6 bid 10 asked)			
1.35	.55	.	...	East. Dairies	100	.85	.75	.75	.75
8	3¼	.	...	Do. pref.	....	(4 bid 6¼ asked)			
18	12	1	5.9	East. Steel	100	16	17	16¼	17
107	99	7	6.7	Do. pref.	....	(— bid 107 asked)			
65	34	7	10.8	East. Theat. pf.	....	(65 bid 69 asked)			
5	2¼	.	...	Easy Washing	5	3⅛	2¼	2¼	2⅛
32	24	2	...	Economic Inv.	....	(27 bid 30 asked)			
17	11⅛	1.80	12	Electrolux	1085	14¼	14¼	14¼	14¼
3¼	1⅛	.	...	Enam. & Heat.	....	(— bid 2 asked)			
34	24	2.50	7.7	English Electric	10	32	29¼	29¼	29¼
14	5	.	...	Do. (B)	50	7	7¼	7¼	7¼
8	5¼	.	...	Equitable Life	155	6	6	5¼	6
8	6	60c	8	European El. A.	....	(— bid 7¼ asked)			
.10	.01	.	...	Do. Warrants	....	(.01 bid — asked)			
				F					
8¼	3	.	...	Fairchild Air.	245	5⅛	5⅛	5¼	5⅛
24¼	20	60+20c	.	Fam. Players	....	(— bid 25 asked)			
24¼	18	60+20c	.	Do. Vot. Tr.	....	(— bid 29¼ asked)			
22¼	14⅛	1+75c	8.3	Fanny Farmer	170	21¼	21¼	21	21
15	4¼	.	...	Fleet Aircraft	215	10	10¼	10	10
5	3	.	...	Fleury Bissell	....	(3¼ bid 4 asked)			
43	30	.	...	Do. pref.	....	(33 bid 40 asked)			
24¼	14⅛	1	4.7	Ford Motor A.	2218	21¼	21⅛	21	21¼
.50	.25	.	...	For. Pr. Secs.	....	(.25 bid .35 asked)			
16	8¼	50c†	..	Foundation Co.	135	13	12	10	10
20¼	9	.	...	Fraser Cos.	35	17	17	16	16
21¼	10	.	...	Do. Vot. Tr.	1196	17¼	17¼	16	17
.30	.30	.	...	Freiman	....	(.30 bid — asked)			
40	37	.	...	Do. pref.	....	(38 bid 40 asked)			
				G					
14¼	6¼	20c*	...	Gatineau Pwr.	333	13¼	13	12¼	13
90	74¼	5	5.6	Do. pref.	478	88¼	89	87¼	88
5¼	3	.	...	Do. Rights	170	3¼	3¼	3	3
10¼	5	.	...	Gen. St. Wares	360	7¼	7¼	7¼	7⅛
94	45	3.50	...	Do. pref.	90	78	78	78	78
81¼	52	2.50+5	10	Goodyear Tire	90	75¼	75¼	72⅛	72⅛
59	51	2.50	4.3	Do. pref.	180	57¼	58	57	58
9⅛	6¼	.	...	Gt. Lakes Pap.	....	(— bid 6 asked)			
23¼	17	.	...	Do. pref.	....	(— bid 17 asked)			
13	4¼	.	...	Do. Vot. Tr., c	166	6¼	6¼	5	5
33	14	.	...	Do. Vot. Tr. p	190	17¼	17	16	16
2⅛	1	.	...	Gt. W. Saddlery	....	(1 bid 1¼ asked)			
25	18	75c	...	Do. pref.	....	(— bid 22 asked)			
12	9¼	60c	5	Greening Wire	....	(11⅛ bid 12¼ asked)			
..	..	10c	...	Growers' Wine	....	1.00 bid 1.35 asked			
8¼	5	†30c	...	Gurd, Chas.	....	(5¼ bid 6 asked)			
106	102	7	6.7	Do. pref.	....	(105 bid 108 asked)			
8⅛	4	.	...	Gypsum, Lime	490	6¼	6¼	6	6¼
				H					
9¼	5	.	...	Ham. Bridge	10	6¼	6	6	6
53	29	.	...	Do. pref.	47	33¼	37	35	37
34	27	2+50▲	6.9	Ham. Cot., pf.	....	(25¼ bid 29 asked)			
1.50	.60	.	...	Ham. U. Theat.	....	(.60 bid 1.00 asked)			
55	48	6	11.5	Do. pref.	....	(40¼ bid 55 asked)			
4	2¼	20c	6.4	Harding Carpet	250	3¼	3¼	3	3¼
*5	2¼	.	...	Hillcrest Coll.	....	(— bid 2¼ asked)			
1¼	1¼	.	...	Do. pref.	....	(1⅛ bid 15 asked)			
17¼	13⅛	1	7.2	Hinde & Dauch.	25	14	14	14	14
20	20	.	...	Holt Renfrew	....	(2 bid — asked)			
50	50	.	...	Do. pref.	....	(— bid 55 asked)			
2.87	.70	.	...	Home & Ind. P.	300	1.00	.75	.70	.75
.60	.25	.	...	Honey Dew	115	.50	.40	.30	.35
14	8	.	...	Do. pref.	10	10	10	10	10
18	9	.	...	H. Smith Pap.	85	13¼	13¼	13	13¼
99	90	6	6.2	Do. pref.	85	96¼	96¼	96¼	96¼
25	12	1.75	11.7	Humberstone S.	70	15¼	15¼	15	15
12	5	.	...	Hunts (A)	....	(— bid 6 asked)			
10	3	.	...	Do. (B)	....	(3 bid 6 asked)			
75	57	4	5.9	Huron & E. Mt.	....	(68 bid 70 asked)			
10	6¼	80c	...	Do. 20% pd.	31	8¼	8¼	8¼	8¼
4¼	3	20c	...	Hydro Electric	250	4	3¼	3¼	3¼
				I					
215	190	10	4.7	Imperial Bank	100	209	212	212	212
19⅛	14¼	50+75c	7	Imperial Oil	4261	17	17	14¼	16¼
16	13¼	40+22½c	4	Imperial Tob.	4931	15¼	15⅛	15⅛	15⅛
8	6¼	6%	...	Do. pref.	....	(7 bid 7¼ asked)			
32¼	23	2+12½c	7	Indust. Accept.	2	31	30	30	30
35	19¼	3	9	Inter-City Bak.	....	(25 bid — asked)			
45	38	6+2	...	Inter'c Coal	5	45	43	43	43
126	119⅛	8	6.7	Do. pref.	....	(119⅛ Nov. 27)			
23	17	1.50	7.5	Inter. Bronze	25	23	20	20	20
30	23¼	1.50	5.7	Do. pref.	....	(25¼ bid 26¼ asked)			
.20	.20	3c	...	Int. Coal & Co.	....	(.20 bid — asked)			
b9¼	3¼	.	...	Int. Hyd. E. A.	2500	6¼	6⅛	6¼	6⅛
9¼	4	.	...	Int. Metal Ind.	467	7	8	6¼	8
90	60	6+4.25▲	7	Do. pref.	70	79	90	85	90
80	68	6+4.25▲	7.7	Do. pref. A.	....	(81 bid — asked)			
107	98¼	5	4.7	Int. Mill., pf.	100	105¼	106	106	106
58	37	2	3.6	Int. Nickel	6903	54¼	55¼	53⅛	55¼
4⅛	1⅛	.	...	Int. Paints	50	3¼	3	3	3
15	10	1+25c▲	...	Do. pref.	....	(11¼ bid 14¼ asked)			
b15¼	4¼	.	...	Int. Pap. & P.	10100	13¼	13⅛	13¼	13⅛
b52⅛	18⅛	.	...	Do. pref.	7200	47¼	49⅛	47	49
31¼	22	1.50+1	9.4	Int. Pete.	2874	27	27	26	27
5⅛	2	.	...	Int. Power	80	2⅛	3	3	3
85¼	71	6	7.8	Do. pref.	....	(— bid 77 asked)			
11⅛	10¼	1.12	...	Int. St. Rlty. A.	....	(— bid 4¼ asked)			
4	3⅛	.	...	Do. (B)	....	(— bid 14 asked)			
9⅛	5	.	...	Int. Util. (A)	....	(— bid 7⅛ asked)			
1.00	.40	.	...	Do. (B)	1675	.55	.55	.50	.50
				J, K, L					
37	32	1.75	...	Jam. Pub. Ser.	....	(35¼ bid 36¼ asked)			
130	121	7	5.5	Do. pref.	....	(128 bid 129 asked)			
15¼	10	75c	...	Kelvinator	....	(10 bid 12 asked)			
34	13	.	...	L. St. John Pr.	120	23	21	21	21
13	2	.	...	Lake Sulphite	80	3	3¼	3	3¼
18¼	10	.	...	Lake of Woods	160	17	17	16	16
120	100	7	6.5	Do. pref.	....	(108¼ bid — asked)			
65	55	5	8.8	Landed Bank	....	(48 bid 60 asked)			
14	9	70c	5.8	Lang, J. A.	15	12	12	12	12
3	2¼	.	...	Langley's	....	(— bid 4 asked)			
30	30	2.50▲	...	Do. pref.	....	(25 bid 47 asked)			
14¼	12⅛	80c	6.2	Laura Secord	756	13¼	13¼	13	13
11	5	.	...	Legare, pref.	....	(5 bid 9¼ asked)			
5	2¼	.	...	Lindsay, C. W.	10	4	4	4	4
*78	60	4▲	...	Do. pref.	....	(— bid 71 asked)			
24¼	19¼	1+25	5.4	Loblaw (A)	305	23⅛	24	23¼	24
22⅛	18	1+25	5.7	Do. (B)	170	21⅛	22	21⅛	21⅛
				M					
1.45	.40	.	...	Mackenzie Air.	....	(.60 bid .80 asked)			
3	2¼	.	...	MacKin. Steel	....	(2 bid — asked)			
70	60	7	...	Do. pref.	....	(82 bid — asked)			
18	7	.	...	Maclaren Pr. p.	210	15	14¼	14	14
4	2¼	.	...	M. L. Gardens	....	(3¼ bid 5 asked)			
7¼	4	.	...	Do. pref.	....	(5¼ bid 7 asked)			
3¼	1	.	...	Maple Leaf	655	1⅛	1⅛	1	1¼
6	2¼	.	...	Do. pref.	38	3¼	3¼	3	3
15⅛	15⅛	70c+2½c	...	Maritime Tele.	....	(16¼ bid — asked)			
*16⅛	16	70c	...	Do. pref.	....	(17 bid — asked)			
15	15	.	...	Marcus Loew's	....	(15¼ bid — asked)			
115	115	7▲	...	Do. pref.	....	(115 Nov. 30)			
10¼	4⅛	.	...	Massey-Harris	5570	6¼	7¼	6¼	7¼
63	28	.	...	Do. pref.	5320	54¼	63	54	63
14	6¼	.	...	McColl Fron.	461	6⅞	7	6⅛	7
101	83	6	6.7	Do. pref.	64	93	91	88¼	91
2.63	1.25	.	...	Melchers	....	(.75 bid 1.50 asked)			
7¼	5	60+20c	13	Do. pref.	112	7	6	6	6
2¼	2¼	.	...	Mercury Mills	....	(— bid 2 asked)			
19¼	5	.	...	Do. pref.	....	(3¼ bid 10 asked)			
50	50	2	4	Mitchell, J. S.	....	(50 bid — asked)			
112	109	7	6.2	Do. pref.	....	(112 bid — asked)			
21	7¼	.	...	Mitchell, Robt.	60	16¼	16¼	16	16¼
*5¼	4	.	...	Monarch Knit.	....	(— bid 2 asked)			
24	20	.	...	Do. pref.	55	24	22¼	22	22¼
40	35	2	5	Montreal Cot.	....	(— bid 40 asked)			
106	95	7	6.9	Do. pref.	....	(100 bid — asked)			
1.00	.50	.	...	Mont. Is. Pr.	....	(.50 bid 1.50 asked)			
31¼	25⅛	1.50	4.9	Mont. L. & Pr.	3859	30	30⅛	30	30⅛
29	27	2	7.4	Montreal Loan	....	(26 bid 28 asked)			
1.50	1.00	.	...	Mtl. Refrig. & S	....	(1.00 bid — asked)			
14¼	13	1.25	...	Do. pref.	....	(12⅛ bid — asked)			
62	55¼	3.20	5.5	Montreal Tele.	....	(56¼ bid 57¼ asked)			
90	68	9	12.8	Montreal Trams	23	70	70	70	70
39	25	1.60+40c	5	Moore Corp.	215	37¼	39	38¼	38¼
172	135	7	4.2	Do. pref. (A)	5	165	165	165	165
230	179¼	7	3.1	Do. pref. (B)	....	(225 bid — asked)			
.50	.10	.	...	Muirheads	....	(.10 bid .50 asked)			
4	2⅛	.	...	Do. pref.	....	(— bid 3¼ asked)			
				N					
43	34	2	4.9	Nat. Breweries	3315	41¼	41¼	40	41
44	38	1.75	4.1	Do. pref.	175	42¼	43	42¼	42
7¼	3¼	.	...	Nat. Grocers	610	6¼	6⅛	6¼	6¼
133	115	7	5.3	Do. pref.	....	(125 bid 130 asked)			
20	10	.	...	N. Sew. Pipe A.	53	14¼	14¼	13¼	13¼
72¼	31	2	3	Nat. Steel Car.	2120	65¼	68	64¼	68
210	190	8	4.2	National Tr.	....	(190 bid 195 asked)			
34	20	1	4.3	Niag. W. Weav.	....	(22 bid 23 asked)			
1.50	1.00	.	...	North Star Oil	....	(.75 bid 1.00 asked)			
4	3	35+8¼c▲	9	Do. pref.	35	3⅛	4	4	4
96	93	6	6.2	N. S. L. & Pr.	....	(94¼ bid — asked)			
106	104	6	5.7	Do. pref.	....	(105¼ bid — asked)			
15	9	.	...	N. S. Steel, pf.	....	(13 Aug. 11)			
				O					
31	23	1	3.7	Ogilvie Flour	586	27¼	27	26⅛	26⅛
160	145	7	4.4	Do. pref.	45	159	160	160	160
110	103⅛	5	4.5	Ontario Loan	....	(108⅛ bid 120 asked)			
*7¼	4¼	.	...	Ont. Silknit	....	(— bid 5¼ asked)			
19	13	.	...	Do. pref.	....	(— bid 19 asked)			
12	5	50c	...	Ont. Steel	....	(8⅛ bid 12 asked)			
114	95	7	6.7	Do. pref.	....	(— bid 105 asked)			
2	1	.	...	Orange Crush	....	(1¼ bid 1⅛ asked)			
6	3	70c	14.7	Do. pref.	....	(5 bid 5¼ asked)			
55	24	†1	...	Ottawa Car	....	(52 bid 55 asked)			
36	8	.	...	Ottawa El. Rly.	30	9	8¼	8¼	8¼
87	76	1	...	Ott. L. H. & Pr.	....	(— bid 77 asked)			
101¼	97	5	5.1	Do. pref.	5	97⅛	98	98	98
				P, Q, R					
20	10	.	...	Pacific Coyle	....	(15 bid 17 asked)			
105	77¼	4+25c	4.1	Page Hersey	40	103	103	102¼	103
7⅛	4	.	...	Pantepec Oil	3400	6¼	7¼	6¼	7¼
16	15	.	...	Paton Mfg.	....	(5 bid — asked)			
100	100	7	7	Do. pref.	....	(— bid 110 asked)			
55	42	3	7.2	Penmans	....	(— bid 42¼ asked)			
130	122	6	4.6	Do. pref.	....	(130 bid — asked)			
19	15	1	5.5	Photo Eng.	....	(18 bid 19 asked)			
99⅛	95¼	7	7.2	Porto Rico Pr. p	....	(94⅛ bid 97 asked)			
16⅛	9	60c	5.2	Power Corp.	1060	11	12¼	11¼	11¼
102	92	6	6	Do. pref.	30	100	100¼	99⅛	100¼
45	43¼	3	6.7	Do. 2nd pref.	....	(45 bid 50 asked)			
23¼	10	.	...	Pressed Metals	25	22¼	21¼	21¼	21⅛
22¼	8¼	.	...	Price Bros.	3106	19¼	19¼	18	19
63	34	.	...	Do. pref.	620	58¼	59	58¼	59
7¼	5¼	20c	2.8	Prov. Transport	....	(6¼ bid 7 asked)			
19	14	1	5.9	Quebec Power	400	17¼	17	17	17
4¼	3¼	.	...	Quebec Tele.	10	4¼	4¼	4¼	4¼
40	37	2	5	Real Estate L'n.	....	(35 bid — asked)			
9⅛	3	.	...	Regent Knit.	25	4¼	4	4	4
25	20	1.60	7.2	Do. pref.	50	22	21	20	20
2⅛	1¼	30c	...	Reinhardt Brew	....	(2 bid 2¼ asked)			
7¼	3	.	...	Reliance Grain	50	5	3	3	3
12¼	10¼	90c+*1%	...	Remington R'd.	....	(16⅛ bid — asked)			
27	18	2	8	River S. Mill	....	(25 bid 27 asked)			
4¼	2	.	...	Rogers Majest.	....	(2¼ bid 2⅛ asked)			
16	16	1	6.2	Rolland Pap.	....	(16 June 25)			
18	10¼	.	...	Do. Vot. Trust	....	(9¼ bid 11 asked)			
102¼	95	6	6	Do. pref.	....	(— bid 100 asked)			
192	165	8	4.2	Royal Bank	174	185	188	185	188
70	60	6+1	11.7	Russell Indust.	....	(60 bid — asked)			
115	103	7	6.4	Do. pref.	....	(113 bid 120 asked)			
				S					
105	95	5.50	5.2	Saguenay Pr. p.	10	104¼	105	104	104¼
11	5	.	...	Sarnia Br. (A)	40	5¼	5¼	5¼	5¼
5	4	.	...	Do. (B)	....	(2 bid 6 asked)			
23	16	80+5c	4	Shawinigan Pr.	1680	20¼	20¼	20	20¼
17	10	.	...	Sher. Wms.	350	14	14	14	14
120	100¼	7	6.4	Do. pref.	....	(109 bid — asked)			
2.50	.50	.	...	Silverwoods	....	1.75 bid 2.25 asked			
4¼	1⅛	40c	10	Do. pref.	20	4	4	4	4
10¼	7	1.10	...	Simon & Son	25	8	7¼	7¼	7¼
110	110	7	6.4	Do. pref.	....	(— bid 110 asked)			
18	8	.	...	Simpson, A.	....	(10 bid 12 asked)			
8¼	2¼	.	...	Do. (B)	10	4	4	3	4
95	70	5+1a	5.8	Do. pref.	65	86	87	85	85
118	105	6	5.2	Simpson, R., pf.	19	114	115⅛	115	115
15	10	80c	6.7	So. Can. Pr.	35	12	12	12	12
109	103	6	5.6	Do. pref.	7	106	106	107¼	107¼
6¼	2⅛	.	...	St. Law. Corp.	981	4¼	4¼	4	4¼
20	8¼	.	...	Do. (A)	270	15¼	15¼	14⅛	15
24¼	17	1	5.1	St. Law. Flour	25	22	19¼	19¼	19¼
140	120	7	5.8	Do. pref.	50	128	120	120	120
58¼	24	.	...	St. Law. Pap. p.	145	42¼	42	40	42
8	3⅛	.	...	Stand. Chem.	25	6	5¼	5¼	5¼
2⅛	2¼	.	...	Stand. Clay	....	(2¼ bid 4 asked)			
4¼	2	.	...	St. Pav. & Mat.	115	2⅛	2⅛	2⅛	2⅛
34¼	12	.	...	Do. pref.	24	26	26	25¼	25¼
42	40	3+3c▲	7	Stand. Steel, pf.	....	(— bid 42 asked)			
17⅛	16	60+20c	4.8	Stedman Bros.	....	(16¼ bid 17 asked)			
76¼	56	1.75‡	4.5	Steel of Can.	1820	74¼	76¼	73¼	76
70¼	53	1.75	2.5	Do. pref.	473	69⅛	70¼	69¼	70
5	4	.	...	Sterling Coal	....	(3 bid 4¼ asked)			
.75	.10	.	...	Stop & Shop	....	(10 bid 25 asked)			
10	10	80c	8	Stuart, D. A. pf.	....	(— bid 10 asked)			
2⅛	1¼	.	...	Supersilk H. A.	....	(2¼ bid 4 asked)			
3¼	2	.	...	Do. (B)	....	(3¼ bid 4 asked)			
80	70	5	6.2	Do. pref.	....	(80 bid 85 asked)			
42	31	1+50c	3.6	Sup. Pete. ord.	....	(39 bid 42¼ asked)			
39	30	1+50c	3.8	Do. com.	....	(38 bid 45 asked)			
				T					
16	11	80c	6.7	Tamblyn	300	12	12	12	12
52⅛	52	2.50	4.8	Do. pref.	....	(52¼ Dec. 15)			
4	2	.	...	Thayers	....	(4 bid 4¼ asked)			
27	20	3.50	...	Do. pref.	....	(28¼ bid 38¼ asked)			
.50	.25	.	...	Thrift Stores	....	(.10 bid — asked)			
2	1	.	...	Do. pref.	....	(¼ bid — asked)			
13¼	9	60+10c	6	Tip Top Tailors	....	11 bid 12 asked			
109	100	7	6.5	Do. pref.	6	108¼	108	108	108
3	1	.	...	Tooke Bros.	....	(⅛ bid 2¼ asked)			
15	7¼	.	...	Do. pref.	....	(— bid 12 asked)			
18¼	11	.	...	Tor. Elevators	....	(14¼ bid 16 asked)			
48	40	2.62½	6.1	Do. pref.	15	42¼	44¼	42¼	44¼
95	73	4	4.7	Tor. Gen. Tr.	9	84	85	85	85
122	107	6	5.3	Toronto Mtge.	57	108	108	107	107
160	140	7	4.4	Tuckett Tob. p.	5	158	160	160	160
4⅛	2¼	.	...	Twin City	....	(— bid 10 asked)			
				U, V					
15¼	10¼	80c	6.2	Union Gas	347	13¼	13¼	12¼	13¼
17¼	12¼	60c+15c	...	Un. Amuse. A.	....	(— bid 21 asked)			
13	13	60c+15c	...	Do. (B)	....	(9 bid — asked)			
1.60	1.25	.	...	Un. Cigar-W.	....	1.00 bid 1.50 asked			
1.15	.75	.	...	United Distill	....	(.80 bid 1.00 asked)			
43	30	2▲	...	United Fuel, pf.	305	40	40	40	40
18⅛	3¼	.	...	United Secs.	....	(5 bid 7 asked)			
8	3	.	...	United Steel	2750	6¼	7	6⅛	7
3	1¼	.	...	Viau Bisc.	....	(2⅛ bid 3 asked)			
50	45	5	10	Do. pref.	....	(49 bid — asked)			
				W, Y, Z					
20	12	1+15c	7.3	Wabasso Cot.	....	(12¼ bid 18 asked)			
54¼	30¼	4	8.2	Walker-Good.	1031	49¼	49¼	48¼	49¼
20¼	17	1	5	Do. pref.	1345	20¼	20¼	19⅛	20¼
2.15	1.10	10c	...	Walkerville Br.	300	1.35	1.40	1.35	1.35
2.50	1.00	.	...	Waterloo Mfg.	....	1.05 bid 1.40 asked			
125	123¼	7	5.6	W. Koot. Pr. pf	....	(125 bid — asked)			
5	2	.	...	West. C. Flour	....	(2⅛ bid 3¼ asked)			
37	22	.	...	Do. pref.	30	23	23	22¼	22¼
65	47	3	6	West Grocers	....	(50 bid — asked)			
116	105	7	6.7	Do. pref.	135	109	105	105	105
10¼	10	50c	...	Westminster Pa	35	10	10¼	10	10¼
13¼	9	80c	6.7	Weston Ltd.	330	12	12⅛	12	12¼
95	70	5	5.3	Do. pref.	....	(93 bid 97 asked)			
4.10	.10	.	...	Windsor Hotel	10	.15	.15	.15	.15
8	3	.	...	Do. pref.	30	3	3	3	3
3¼	1¼	.	...	Winnipeg El. A.	558	1⅛	1⅛	1⅛	1⅛
3.00	1.00	.	...	Do. (B)	1137	1.55	1.75	1.55	1.75
17	7	.	...	Do. pref.	45	10	10	10	10
93	65	7	...	Wood, A. & J. P	....	(— bid .65 asked)			
50	30	.	...	Woods Mfg., pf.	....	(— bid 49 asked)			
4¼	3¼	.	...	York Knitting	....	(4 bid 4¼ asked)			
8¼	8	.	...	Zellers	50	8	8¼	8¼	8¼
23	23	1.50	6.5	Do. pref.	104	23	23	23	23

* 1937. b New York quotations.
▲ On account of arrears.

Mining Stocks

Week Ending December 26.

Par Val.	Range 1938 High	Low	Company	Sales	Close Dec. 19 (or last)	High for week	Low for week	Close Dec. 26
			A					
1	.07	.01	Afton	9,500	.08	.03¼	.02¼	.02¼
No	.70	.28	Aldermac	6,650	.47	.49	.45	.49
1	.03¼	.01	Alexandria	1,200	.01	.01	.01	.01
1	.33	.07	Amm. Gold	5,500	.12¼	.13¼	.12	.13
No	4.15	2.60	Anglo-Huronian	2,140	3.10	3.15	3.15	3.15
No	.02⅛	.01	Arno	500	.02	.02	.02	.02
1	.33	.11	Arntfield	1,700	.15	.12	.12	.12
1	.16¼	.05	Ashley	2,700	.08	.08	.08	.08
1	.07	.02	Astoria Rouyn	......	(.03¼ bid .04 asked)			
1	.44	.17	Augite Porc.	104,600	.32	.38¼	.32	.38
50c.	.14	.04	Aztec	......	(.... bid .12 asked)			
			B					
1	.27	.08¼	Bagamac	1,000	.11	.11	.10	.11
1	1.03	.24	Bankfield	13,350	.30	.33	.29	.30
1	.45	.20	Base Metals	2,200	.26	.28	.26	.28
No	1.50	.95	Beattie Gold	3,825	1.32	1.39	1.27	1.30
1	.39	.16	Bear Exploration	51,800	.28¼	.31	.27	.31
1	.32	.10	Beaufor	100	.13	.13	.13	.13
1	.50	.20	Bidgood Kirk.	11,677	.24	.24¼	.23	.24¼
1	.58	.20	Big Missouri	4,052	.24	.28	.23	.26
1	.31¼	.07	Bobjo	83,800	.18	.21¼	.15	.17
1	.15	.05¼	Bouscadillac G.M.	1,100	.09	.10	.09	.09
No	11.75	7.75	Bralorne	2,607	11.75	11.63	10.87	11.37
1	.08	.03	Brazil Gold	34,150	.06	.07¼	.05	.05
1	.12	.01¼	Brett Trethewey	7,500	.02	.02	.02	.02
1	.78	.42	Broulau Porc.	517,700	.50	.78	.50	.68
1	.10	.02¼	Brownlee	......	(.04 bid .... asked)			
1	17.50	10.67	Buffalo Ankerite	300	15.00	15.50	15.00	15.50
No	.06¼	.01¼	Buffalo Can.	18,725	.02⅛	.02⅛	.02¼	.02¼
5	30.50	22.50	Bulolo Gold	1,020	26.00	26.25	25.75	25.75
No	.22	.05	Bunker Hill	500	.10	.09	.09	.09
			C					
No	1.28	.65	Can. Malartic	2,900	.90	.92	.90	.92
1	.09¼	.01¼	Capital Rouyn	......	(.01¼ bid .02 asked)			
1	2.60	1.65	Cariboo Gold	900	2.49	2.47	2.39	2.39
1	.15	.05	Cartier Malartic	1,100	.05	.06	.05¼	.05¼
1	1.19	.53	Castle Trethewey	4,025	1.03	1.01	1.00	1.00
1	.62	.18	Cen. Cadillac	9,350	.22¼	.22	.20	.21¼
1	3.20	1.85	Cen. Patricia	2,655	2.42	2.44	2.40	2.43
1	.15	.05¼	Cen. Porcupine	7,000	.06¼	.06¼	.06¼	.06¼
1	1.73	.63	Chesterville	29,850	1.24	1.32	1.21	1.25
No	.82	.35	Chromium	4,440	.60	.60	.50	.50
5	4.00	1.25	Coast Copper	100	2.80	2.95	2.95	2.95
5	2.25	1.25	Coniagas	......	(1.75 bid 1.95 asked)			
No	1.84	1.00	Coniaurum	1,205	1.49	1.49	1.45	1.49
1	.42	.19	Con. Chibougamau	4,200	.22	.25	.20	.22
25	66.75	45.37	Cons. Smelters	1,315	59.50	60.50	59.50	60.00
			D, E					
1	.23¼	.05	Darkwater	600	.06	.05	.05	.05
1	.46	.10	Denison Nickel	9,200	.16¼	.15	.11	.14
No	35.00	27.50	Dome Mines	1,535	32.75	33.00	31.75	33.00
1	.07	.02¼	Dom. Explorers	6,607	.03	.03	.02¼	.03
1	.26	.05	Dorval Siscoe	11,500	.07¼	.08¼	.06¼	.07
1	.13	.03	Duparquet	9,600	.08¼	.08¼	.08	.08
1	2.85	1.05	East Malartic	26,700	2.80	2.80	2.71	2.80
1	3.25	1.38	Eldorado	44,438	2.28	2.40	2.23	2.34
			F, G					
No	6.95	4.25	Falconbridge	1,515	5.50	5.50	5.35	5.45
1	.26	.05	Faulkenham L.	57,900	.10	.10	.05	.07
1	.14	.03¼	Federal	21,500	.06¼	.07	.06	.07
1	.30	.08	Fernland	500	.10	.12	.12	.12
1	.20	.03	Fontana	1,600	.04	.06	.05	.06
1	.53¼	.20	Francoeur Gold	1,800	.21	.22¼	.20	.22¼
1	.32	.07	Gillies Lake	28,800	.09¼	.10	.08	.09
1	.05	.02	Glenora	......	(.02¼ bid .02⅞ asked)			
No	.68	.22	God's Lake	31,442	.22	.25	.23	.24
1	.40¼	.14	Goldale	4,400	.27	.26	.25	.25
50c.	.60	.30	Gold Belt	1,000	.57	.58	.57	.57
1	.40	.05	Gold Eagle	18,200	.05	.09¼	.06	.07¼
1	.12	.02	Goodfish	1,100	.04	.03¼	.03	.03¼
1	.09¼	.02¼	Graham Bosquet	......	(.03¼ bid .04¼ asked)			
1	.14	.04	Granada Gold	16,500	.11	.11	.10	.10
No	.11	.04¼	Grandora	14,500	.07	.07	.06¼	.06¼
1	.10	.02¼	Grull Wihksne	......	(.01¼ bid .06 asked)			
1	1.09	.48	Gunnar Gold	2,200	.60	.60	.58¼	.60
			H, I, J					
1	.04¼	.02	Halcrow Swayze	......	(.02 bid .03 asked)			
1	.09⅛	.04	Halliwell G.	3,600	.04	.06¼	.05¼	.05¼
1	2.93	1.10	Hard Rock	13,350	1.60	1.68	1.60	1.64
1	.17	.07	Harker	5,770	.08¼	.09	.08	.08
1	1.40	1.00	Hedley Mascot	1,000	1.30	1.30	1.28	1.30
5	15.87	11.00	Hollinger	2,390	14.75	15.00	14.75	15.00
1	.34	.20	Howey Gold	19,225	.30	.30	.28¼	.30
No	35.00	20.50	Hudson Bay	1,005	33.37	34.00	32.50	34.00
No	58.00	37.00	Int. Nickel	6,903	54.25	55.50	53.75	55.25
1	.40	.10	Jacola	7,466	.11¼	.12	.11	.11¼
1	.60	.23	Jack Waite	2,650	.27	.30	.27	.29¼
1	.82	.07¼	Jellicoe	9,400	.10	.09¼	.09	.09¼
1	.17	.05	J. M. Cons. Gold	4,500	.07	.09	.05¼	.05¼
			K, L					
1	2.50	1.25	Kerr Addison	11,308	1.76	1.78	1.74	1.76
1	1.00	.35	Kerr Lake	50	.50	.50	.50	.50
1	.28	.05	Kirk. Gold Rand.	......	(.08 bid .10 asked)			
1	1.50	.26	Kirk. Hud. Bay	500	.45	.40	.40	.40
1	1.50	.88	Kirkland Lake	11,615	1.25	1.30	1.26	1.28
1	.22	.09	Kirk. Townsite	500	.11	.12¼	.12¼	.12¼
1	.59	.06	Laguna	361	.07¼	.06	.06	.06
1	58.75	44.75	Lake Shore	1,625	49.25	49.50	48.00	48.25
1	.08	.02	Lamaque Contact	600	.03	.03	.03	.03
No	7.45	6.65	Lamaque Gold	509	6.70	6.90	6.65	6.90
1	.74	.24	Lapa Cadillac	9,200	.37¼	.38	.36¼	.37
1	1.13	.75	Lava Cap	2,600	.80	.83	.76	.80
1	.15	.04	Lebel Oro	11,865	.07¼	.07¼	.06¼	.07¼
1	1.12	.50	Leitch Gold	14,950	.80	.79¼	.75	.78
No	6.00	2.10	Little Long Lac	7,310	2.86	2.91	2.73	2.83
			M					
1	5.55	3.50	Macassa	1,299	5.40	5.45	5.20	5.35
No	4.45	1.30	MacLeod Cockshutt	17,025	2.80	2.80	2.65	2.73
1	.50	.25	Madsen Red Lake	153,300	.51	.59	.50	.55
1	.71	.23	Malartic Gold	12,850	.62	.63	.60	.63
1	.02	.00¼	Malrobic	5,000	.00¼	.00¼	.00¼	.00¼
No	.28	.10	Mandy	100	.13	.15	.15	.15
No	.04	.01	Man. & Eastern	......	(.01 bid .01⅛ asked)			
1	.19¼	.05	Maralgo	1,900	.05¼	.06	.05	.05
5	54.00	35.50	McIntyre	1,445	53.25	53.25	52.25	52.25
1	1.43	.60	McKenzie R. L.	2,630	1.25	1.22	1.19	1.20
No	.94	.30	McWatters	5,725	.65	.67	.63	.67
1	.24	.09	McVittie	7,000	.10	.09¼	.09	.09
5	.70	.30	Mentor Exploration	......	(.45 bid .... asked)			
No	2.65	1.45	Mining Corp.	1,617	1.80	1.80	1.65	1.80
No	.04¼	.02¼	Minto Mines	......	(.02 bid .02⅛ asked)			
1	.03	.01	Moffatt Hall	......	(.01¼ June 7)			
1	2.56	1.00	Moneta	4,300	1.28	1.30	1.26	1.27
1	.20	.05	Montague	1,400	.05	.05	.05	.05
1	.19	.04	Morris Kirk.	64,348	.15¼	.16	.14¼	.15
1	.03¼	.01¼	Murphy	500	.01⅛	.01⅛	.01⅛	.01⅛
			N, O					
1	.79	.13¼	Naybob	41,600	.37	.38¼	.35	.35
No	.11¼	.02	Newbec	11,650	.06	.06¼	.06	.06
1	.38	.10	New Golden Rose	11,500	.24	.23	.20	.20
5	2.15	1.40	Nipissing	1,225	1.68	1.69	1.67	1.60
No	84.00	48.00	Noranda	21,179	78.00	80.00	78.00	79.87
No	.48	.23	Nor. Canada	700	.45¼	.45¼	.45¼	.45¼
1	8.95	7.00	North Empire	900	8.75	8.75	8.55	8.55
1	.07¼	.02	Norgold	1,500	.03¼	.04	.04	.04
1	1.14	.45	Normetal	6,396	.65	.65	.55	.55
1	5.45	2.10	O'Brien	4,110	2.85	3.00	2.74	2.98
1	.72	.30	Omega	5,500	.47	.46	.45	.46
1	1.45	.30	Oro Plata	2,300	.44	.43	.40¼	.41
1	.21	.05	Oshko	......	(.... bid .19 asked)			
1	.50	.21	Inspiration	9,500	.45	.41	.40	.40
1	11.70	7.00	Inter. Mining	......	(.... bid 9.87 asked)			
‡ Plus extra of $2 payable Feb. 1, 1939. † Interim.
* Stock bonus.
• Initial.
			P					
No	4.85	2.90	Pamour	4,626	4.45	4.50	4.40	4.50
1	.63	.14	Pandora	24,166	.18	.20¼	.17	.18
1	2.70	1.55	Pato Cons. G.	700	2.00	2.23	2.10	2.10
1	.24¼	.04¼	Partanen Mal.	1,500	.08	.06	.06	.06
1	.22	.03¼	Paulore	6,200	.05¼	.06	.05	.05
1	.02	.01	Pawnee Kirk.	1,500	.01¼	.01¼	.01	.01¼
1	.69	.38	Paymaster	19,990	.46	.51¼	.45	.51¼
1	.22	.05¼	Payore	7,400	.05¼	.05¼	.05¼	.05¼
1	2.65	1.30	Pend Oreille	5,065	1.77	1.80	1.72	1.75
1	1.77	.98	Perron Gold	3,750	1.55	1.58	1.51	1.55
1	.01¼	.00¼	Peterson Cobalt	......	(.00¼ bid .01¼ asked)			
1	5.30	3.80	Pickle Crow	3,165	5.00	5.10	5.00	5.05
1	3.30	2.20	Pioneer Gold B.C.	2,145	2.50	2.55	2.40	2.55
1	17.25	13.00	Placer Devel.	250	13.75	13.50	13.00	13.00
1	2.65	1.37	Powell Rouyn	2,950	2.35	2.38	2.30	2.30
1	2.52	1.75	Premier Gold	1,810	2.25	2.25	2.15	2.20
1	1.93	.67	Preston E. Dome	19,100	1.43	1.46	1.40	1.45
No	.98	.50	Prospectors Air's	......	(.51 bid .61 asked)			
			Q, R					
1	.70	.35	Quebec Gold	......	(.50 bid .60 asked)			
No	.15	.04	Quemont	770	.12	.15	.12	.12
1	.45	.05	Red Crest	......	(.06¼ bid .07 asked)			
1	.65	.20	Reno Gold	4,800	.23¼	.23¼	.23	.23
1	.55	.23	Reeves McD.	600	.27	.23	.23	.23
1	.07¼	.03¼	Reward	3,500	.06	.06¼	.05¼	.05¼
1	.03	.01	Ritchie	......	(.01 Nov. 29)			
1	.02¼	.00¼	Robb Montbray	5,500	.01	.01	.00¼	.00¼
1	.24	.06	Roche Long Lac	3,600	.07	.08¼	.07¼	.08
1	.32	.17	Ronda Gold	41,400	.24	.32	.24¼	.32
			S					
1	1.55	1.00	San Antonio	1,689	1.25	1.25	1.20	1.25
1	.25	.13¼	Sand River	7,740	.16	.16	.15	.16
1	.34	.03¼	Shawkey	5,200	.04	.05	.04	.05
50c.	1.21	.75	Sheep Creek	2,000	.95	.97	.95	.97
1	1.90	.90	Sherritt Gordon	14,187	1.30	1.32	1.26	1.30
1	3.40	1.16	Siscoe	16,845	1.30	1.37	1.28	1.28
1	1.39	.49	Sladen Malartic	3,850	.75	.76	.72	.72
1	.24	.06	Slave Lake	1,100	.08	.07	.06	.07
No	.78	.28	Stadacona	31,603	.51	.51	.48	.50
1	.20	.07¼	St. Anthony	3,100	.11	.13	.11	.13
No	.15¼	.05	Straw Lake	11,400	.08	.08¼	.07¼	.08
1	.22	.20	Sturgeon River	1,200	.21	.22	.20	.22
No	3.80	1.35	Sudbury Basin	250	2.80	2.80	2.75	2.80
1	.19	.08	Sudbury Contact	1,000	.10¼	.09¼	.09¼	.09¼
1	1.25	.65	Sullivan Cons.	6,234	.90	.90	.88	.89
1	3.60	2.50	Sylvanite	8,015	3.30	3.40	3.25	3.40
			T, U, V, W, Y					
1	5.70	4.15	Teck Hughes	2,612	4.55	4.65	4.50	4.65
1	.25	.06	Temiskaming	2,900	.08	.08	.07	.07
1	.38	.17	Thomp Cadillac	9,100	.25	.26	.25	.25
1	2.90	1.50	Toburn Gold	500	2.20	2.20	2.10	2.10
1	.67	.25	Towagmac	6,500	.40	.40	.35	.40
1	2.45	.90	Uchi Gold	5,500	1.40	1.44	1.35	1.40
No	7.40	3.95	Ventures	1,342	5.30	5.40	5.20	5.30
No	9.45	1.02	Waite Amulet	37,660	7.45	8.45	7.30	7.95
1	.20	.08	Wendigo	2,600	.12	.13	.12¼	.13
No	.03¼	.00¼	White Eagle	7,500	.01	.01	.00¼	.00¼
1	.08	.02	Whitewater Mines	......	(.04¼ bid .05 asked)			
1	.18	.03	Wiltsey Coughlan	6,500	.08	.09	.08	.08
1	.43	.13	Wood Cadillac	30,450	.18	.18	.15	.17
No	8.20	6.50	Wright-Hargreaves	6,640	8.10	8.20	8.05	8.20
No	.30	.08	Ymir Girl	......	(.07 bid .09¼ asked)			

Oil Quotations

No	.12	.05	Acme Gas & Oil	500	.06	.06¼	.06¼	.06¼
1	.37	.12¼	Alta Pac. Cons.	1,800	.23	.20	.20	.20
1	.32	.13	Ajax	500	.22¼	.18	.16	.17
No	1.65	.95	Anglo Canadian	14,750	1.25	1.30	1.20	1.30
1	.15	.05	Anaconda	......	(.10 Dec. 19)			
1	.17	.05	Br. Dominion	1,000	.17	.15	.15	.15
No	.65¼	.20	Brown Oil	56,200	.30	.31	.28	.30
100	72.00	46.00	Do., pref.	5	70.00	66.00	66.00	66.00
No	3.10	1.55	Calgary & Ed.	24,075	2.50	2.65	2.35	2.60
1	.62	.19¼	Calmont	36,950	.47	.50	.42	.49¼
No	.85	.45	Commoil	3,700	.52	.51	.50	.50
No	.43	.19	Common Pete	1,500	.28¼	.30	.28	.30
No	.85	.32	Dalhousie	59,400	.68	.70	.59	.70
No	.73	.20	Davies Pete	71,433	.48	.50	.43	.50
No	.15	.05	East Crest	7,400	.09¼	.10	.09¼	.09¼
25c.	.25	.09	Firestone Pete	3,500	.12	.11	.10	.10
No	.90	.30	Foothills	1,950	.85	.83	.70	.83
No	.22	.08	Foundation Pete	2,200	.14	.13¼	.12¼	.12¼
No	.35	.14	Hargal	......	(.18 bid .25 asked)			
No	.23	.05	High Sarcee	9,300	.19¼	.21	.17	.20¼
No	3.60	.80	Home	239,440	2.84	3.10	2.45	3.10
1	.37	.14	Homestead O. & G.	26,400	.25	.28	.20	.26
No	.37	.10	McD. Segur	......	(.16 Dec. 19)			
No	.08	.04	Merland	1,800	.06¼	.06	.05	.06
1	.38	.18	Model	2,300	.32	.32	.29¼	.32
25c.	.20	.08	Monarch Royalties	100	.10	.11	.11	.11
1	.20	.04	Nordon	4,500	.13	.11	.10	.10
No	.04¼	.02	Oil Selections	1,500	.03	.03¼	.02	.02
No	2.30	.85	Okalta	101,675	1.53	1.80	1.40	1.63
No	.05¼	.02	Olga Gas & Oil	2,700	.03	.03	.02⅛	.02⅛
1	.17	.04¼	Pacalta	21,900	.08¼	.08¼	.07¼	.08¼
1	.50	.30	Petrol Oil & Gas	......	(.30 bid .40 asked)			
25c.	.52	.16	Prairie Royalties	3,500	.23	.21	.20	.20
No	49.00	32.50	Royalite	1,041	43.00	43.75	41.00	43.00
No	.75	.25	South West Pete	200	.46	.50	.50	.50
No	.10	.02	South End	2,500	.09	.08¼	.08	.08
25c.	.25	.02¼	Spy Hill Royalties	......	(.02¼ bid .03 asked)			
No	1.68	1.05	Texas Can.	3,800	1.30	1.30	1.25	1.25
No	.26	.09	United Oils	1,900	.13¼	.11¼	.10	.10
No	1.25	.47	Vulcan	800	.75	.85	.80	.85
No	.34	.04	West Flank	3,300	.06¼	.07	.06	.07
50c.	.15	.07¼	West Turner Pete	27,000	.08¼	.09	.08	.08

Vancouver Stock Exchange

50c.	.14	.04¼	Aztec	1,500	.05	.05	.05	.05
1	.58	.23	Big Missouri	1,400	.25	.26	.25	.26
25c.	.02¼	.01¼	Bluebird	......	(.01¼ bid .02 asked)			
No	11.60	7.75	Bralorne	1,315	11.50	11.60	11.00	11.20
1	.04¼	.01	Bridge River Cons.	5,500	.03	.03	.03	.03
1	2.70	1.68	Cariboo Gold	1,050	2.50	2.38	2.32	2.38
No	.13	.02	Dentonia	9,500	.06¼	.06	.05¼	.06
1	.09	.01	Dunwell	8,000	.01	.02¼	.02	.02¼
No	.10¼	.02	Fairview Amal.	8,500	.04	.04¼	.04	.04
1	.02¼	.01	Federal Gold	5,000	.01¼	.01	.01	.01
1	.50	.25	George Copper	......	(.25 Dec. 13)			
50c.	.03¼	.02	George Enterprise	......	(.03 Dec. 4)			
1	.10	.03¼	Golconda	1,000	.05¼	.05¼	.05¼	.05¼
50c.	.60	.29	Gold Belt	6,362	.57	.60	.57	.58¼
50c	.03¼	.01	Gold Mountain	......	(.01¼ bid .02 asked)			
50c.	.12	.04	Grand View	3,000	.06	.06	.06	.06
1	.11	.01¼	Grull Wihksne	5,000	.03	.03¼	.03	.03¼
1	1.39	1.00	Hedley Mascot	8,300	1.30	1.29	1.27	1.28
No	.06	.01¼	Hedley Sterling	......	(.00¼ bid .... asked)			
No	.02	.00¼	Home Gold	......	(.00¼ bid .... asked)			
1	.02¼	.01	Indian Mines	......	(.01¼ bid .... asked)			
50c.	1.40	.72	Island Mountain	400	1.35	1.35	1.31	1.31
1	.30	.20	Inter'l Coal	......	(.28 bid .... asked)			
50c.	1.55	.90	Kootenay Belle	3,500	1.50	1.55	1.50	1.55
10c.	.04¼	.01¼	Lucky Jim	21,000	.02¼	.02¼	.02¼	.02¼
No	.02¼	.01	Mak Siccar	......	(.01 bid .... asked)			
10c.	.80	.52	Metaline Mining	......	(.70 Oct. 20)			
1	.23	.18	McGillivray Creek	......	(.23 bid .... asked)			
No	.05¼	.02	Minto Mines	2,700	.02¼	.02¼	.02¼	.02¼
50c.	.08	.02	Nicola	13,000	.04	.04	.03¼	.03¼
50c.	.05	.02	Noble Five	2,700	.03¼	.03¼	.03¼	.03¼
1	.34	.23	Pacific Nickel	......	(.... bid .25 asked)			
1	2.60	1.32	Pend Oreille	100	1.80	1.75	1.75	1.75
No	.02¼	.00¼	Pilot Gold	......	(.00¼ bid .01 asked)			
1	3.35	2.25	Pioneer Gold	1,100	2.50	2.50	2.45	2.50
50c.	.04¼	.02¼	Porter Idaho	......	(.... bid .01¼ asked)			
No	.02¼	.00¼	Premier Border	6,000	.01	.01	.01	.01
1	2.50	1.81	Premier Gold	2,100	2.28	2.27	2.23	2.23
1	1.50	1.30	Privateer Mines	2,050		1.50	1.30	1.50
1	.05¼	.02¼	Quatsino Copper	......	(.... bid .03¼ asked)			
25c.	.11¼	.04¼	Quesnelle Quartz	5,500	.09	.09	.08¼	.08¼
50c.	.07	.01¼	Red Hawk	......	(.01 bid .... asked)			
1	.25	.10	Relief Arlington	1,000	.13¼	.13	.13	.13
No	.57	.24	Reeves McDonald	1,700	.26	.27	.25	.25
1	.63	.22	Reno Gold	2,000	.23¼	.24¼	.24	.24
1	.07	.03¼	Reward Mining	8,000	.06	.06	.05¼	.06
1	.03¼	.01	Rufus Argenta	......	(.13 bid .15 asked)			
1	.08	.03	Sally Mines	......	(.02 bid .... asked)			
50c.	.16¼	.05	Salmon Gold	......	(.08 bid .11 asked)			
50c.	1.20	.80	Sheep Creek	2,000	.94	.95	.95	.95
1	2.20	1.50	Silbak Premier	525	1.75	1.80	1.75	1.75
No	.04¼	.01	Silvercrest	......	(.01¼ bid .... asked)			
1	.17	.12	Sunloch	......	(.15 Sept. 15)			
No	.20	.11	Surf Inlet	500	.13	.13	.13	.13
1	.22	.21	Standard Silver	......	(.22 Apr. 1)			
10	12.65	11.75	Sunshine	......	(11.75 Apr. 13)			
No	.06	.03¼	Taylor Bridge	......	(.05 bid .... asked)			
No	.21	.05	Vidette Gold	5,100	.06¼	.06	.06	.06
50c.	.01¼	.00¼	Waverley Tangier	......	(.00¼ bid .00¼ asked)			
20c.	.03¼	.01¼	Wellington	......	(.... bid .01¼ asked)			
50c.	.10¼	.01	Wesko	2,000	.01	.01	.01	.01
1	.02	.03	White Eagle	......	(.02 May 16)			
1	.08¼	.02	Whitewater	12,000	.04¼	.04¼	.04¼	.04¼
No	.29	.07¼	Ymir Yankee Girl	500	.09¼	.07¼	.07¼	.07¼

Oil Stocks

1	.35¼	.11	Alta. Pac. Cons.	2,620	.21	.22	.19	.21
1	.08	.00¼	Amalgamated	10,000	.00¼	.00¼	.00¼	.00¼
No	1.58	1.00	Anglo C. Develop.	2,350	1.25	1.29	1.20	1.29
1	.14	.04¼	Anaconda	15,500	.09	.09	.08	.09
No	.08	.04	Associated Oil	700	.05	.05	.05	.05
No	.06	.01¼	Baltac	500	.03	.03	.03	.03
1	.16¼	.06	Brit. Dominion	1,500	.16¼	.15	.14	.14
No	.58	.21	Brown Oil	......	(.27¼ bid .... asked)			
No	3.15	1.60	Calgary & Ed.	8,325	2.50	2.60	2.40	2.60
1	.63	.20	Calmont	15,315	.47	.49¼	.45	.49¼
1	.43¼	.19¼	Commonwealth	300	.29¼	.30	.30	.30
1	.06¼	.00¼	Crow's Nest	......	(.00¼ bid .00¼ asked)			
No	.70	.35	Dalhousie	170	.65	.70	.63	.65
No	.66	.21	Davies Pete	4,500	.46	.48	.45	.45
No	.15	.07	East Crest	500	.09¼	.09	.09	.09
25c.	.23	.09	Firestone	500	.11	.11	.11	.11
No	.08¼	.03¼	Freehold	53,000	.04¼	.04¼	.04	.04
No	.23	.11	Foundation Pete	......	(.12 bid .... asked)			
No	.21	.10¼	Four Star	1,500	.10¼	.12	.11¼	.12
No	.38	.14	Hargal	......	(.... bid .23 asked)			
No	.21	.09	High Sarcee	3,800	.20	.20	.19	.20
No	3.40	.85	Home Oil	24,945	2.80	3.15	2.55	3.15
No	.09	.02¼	Madison	8,500	.05¼	.05¼	.05	.05
No	.10¼	.03¼	Marjon Oil	28,000	.06	.06	.05	.06
No	.28¼	.10¼	McD. Segur Ex.	5,000	.15	.15	.14	.15
1	.30	.10	McLeod	200	.10	.16	.16	.16
No	.19	.06	Mercury	7,500	.08¼	.07¼	.07¼	.07¼
No	.08	.05	Merland	......	(.05 bid .... asked)			
No	.12	.04	Mill City Pete	......	(.05 bid .08 asked)			
No	.03	.02¼	Midwest Pete	......	(.02¼ bid .... asked)			
1	.43	.17	Model	1,850	.30	.34	.30	.34
25c.	.19	.08	Monarch Royal	1,000	.10	.10	.10	.10
25c.	.08	.06	National Pete	......	(.11 bid .13 asked)			
1	.19	.07	Nordon	1,035	.12	.11	.10	.10
No	2.25	.90	Okalta	24,175	1.48	1.72	1.42	1.65
100	37.50	27.00	Do., pref.	......	(29.00 Oct. 26)			
No	.17	.04	Pacalta Oil	4,000	.09	.08¼	.08	.08
25c.	.51¼	.19	Prairie Royal	4,000	.21	.21	.21	.21
No	46.00	34.00	Royalite	......	(42.50 bid 43.50 asked)			
No	.22	.09	Royal Canadian	26,200	.18	.20	.18	.18¼
No	.65	.30	Southwest Pete	300	.51	.48	.48	.48
No	.10	.03	South End	28,700	.09	.09¼	.08	.09
1	.21	.07	Spooner	......	(.09 Dec. 15)			
25c.	.23	.03	Spy Hill Rlty.	......	(.02 bid .03¼ asked)			
25c.	.48	.33¼	Sunset Oil	100	.35	.34	.34	.34
No	.25	.08¼	United	1,100	.11¼	.11¼	.11	.11
No	.09¼	.04¼	Vanalta	4,800	.07	.08	.07¼	.08
1	1.21	.50	Vulcan	1,103	.80	.85	.75	.75
No	.34	.05	West Flank	......	(.05 bid .... asked)			
50c.	.09¼	.07¼	West Turner Pete	10,800	.08¼	.08¼	.08	.08

Government Bonds

(Supplied by Investment Dealers' Association of Canada)

Dominion of Canada Bonds

Dec. 27, 1938			Bid	Asked	Approx. Yld.
1	1 June '39	....	100.00	100.37	.17
2	15 Nov. '39	....	100.75	101.25	.63
2½	15 Oct. '39	....	101.00	101.50	.69
4	15 Oct. '39	....	102.25	102.75	.68
1½	1 June '40	....	100.50	101.00	.80
4½	1 Sept. '40	....	105.25	105.75	1.10
1	15 Mar. '41	....	99.50	100.00	1.00
5	15 Nov. '41	....	109.10	109.60	1.62
2	1 June '42	....	101.62	102.12	1.38
3	15 Oct. '42	....	104.75	105.25	1.58
2½	1 June '43	....	103.00	103.50	1.68
5	15 Oct. '43	....	113.25	113.75	1.98
2	1 June '44	....	100.50	101.00	1.80
■2¼	15 Jan. '44	....	103.50	104.25	▲1.19
4½	15 Oct. '44	....	112.25	112.75	2.16
2½	15 Nov. '44	....	102.50	103.00	1.95
■2½	15 Aug. '45	....	104.50	105.25	▲1.34
4	15 Oct. '45	....	108.50	109.00	▲2.02
4½	1 Feb. '46	....	112.50	113.00	2.49
3¼	1 June '49	....	103.50	104.00	▲2.65
3½	15 Oct. '49	....	104.50	105.00	▲2.57
3¼	15 Nov. '51	....	102.50	103.00	▲2.90
■5	1 May '52	....	111.25	112.00	▲1.35
4	15 Oct. '52	....	108.25	108.75	▲2.87
3	1 June '55	....	99.75	100.25	▲2.98
4½	1 Nov. '56	....	111.25	112.25	▲2.77
4½	1 Nov. '57	....	111.25	112.25	▲2.94
3	1 June '58	....	99.12	99.62	3.02
4½	1 Nov. '58	....	112.25	112.75	▲3.01
4½	1 Nov. '59	....	112.50	113.00	▲3.10
■4	1 Oct. '60	....	111.50	112.25	▲2.79
■3¼	15 Jan. '61	....	103.75	104.50	▲2.91
3¼	1 June '66	....	101.75	102.50	▲3.06
■3*	15 Jan. '67	....	98.75	99.50	3.03
■3*	15 Nov. '68	....	98.50	99.00	3.05
▲3	Perp. bonds	...	91.50	92.50	3.25

Dominion Guaranteed Bonds

Canadian National Railway:					
2	15 Jan. '42	....	101.25	102.25	1.25
2	15 Feb. '43	....	100.75	101.75	1.57
3	1 May '44	....	104.25	105.25	1.98
3	15 Dec. '50	....	99.50	100.50	▲2.92
3	15 Feb. '53	....	99.00	100.00	3.00
*4½	1 Sept. '51	....	114.25	115.25	3.07
*4½	1 Feb. '56	....	115.50	116.50	3.25
†4½	1 July '57	....	115.75	116.75	3.28
*4¾	15 June '55	....	117.75	118.75	3.27
5	1 Feb. '54	....	119.25	120.25	3.32
*5	1 July '69	....	115.25	116.25	▲2.65
*5	1 Oct. '69	....	119.25	120.25	▲3.19
*5	1 Feb. '70	....	119.25	120.25	▲3.24

Provincial Government Bonds

New Brunswick:					
3	15 Oct. '51	....	93.00	94.50	3.52
3½	15 June '56	....	96.25	97.25	3.72
†4	15 Nov. '47	....	102.25	103.25	▲3.46
†4½	15 Apr. '61	....	104.75	106.00	4.09
†3	15 Jan. '60	....	110.00	112.00	4.14
Nova Scotia:					
3	2 Jan. '52	....	96.50	97.50	3.24
3¼	1 June '56	....	99.00	100.00	3.25
3½	1 Nov. '50	....	100.75	101.75	3.32
†4½	15 Sept. '52	....	109.00	110.00	▲3.19

[illegible]

Corporation Bonds

(Supplied by Investment Dealers' Association of Canada)

Dec. 27, 1938

[illegible]

Stock Sales

[illegible]

Winnipeg Stocks

[illegible]

Municipal Bonds

Dec. 27, 1938

[illegible]

Bond Redemptions

[illegible]

Investment Trusts

[illegible]

Unlisted Mines

TORONTO

December 27, 1938

[illegible]

MONTREAL

December 27, 1938

[illegible]

Dividends Declared

	This payment	Date payable	Date of record
Acadia Sugar	7½c	Jan. 3	Dec. 17
Anglo Norweg'n. p.	$3.50	Dec. 31	Dec. 29
Agnew-Surpass, pf.	$1.75	Jan. 3	Dec. 15
Asbestos Corp.	50c	Dec. 31	Dec. 15
Do., extra	$1.50	Dec. 31	Dec. 15
Assoc. Brew.	20c	Dec. 31	Dec. 15
Do., pref.	$1.75	Jan. 1	Dec. 15
Acme Glove	12½c	Jan. 3	Dec. 17
Do., pref.	$1.62½	Jan. 3	Dec. 17
Amer. Cyan., A, B	15c	Jan. 3	Dec. 15
Do., pref.	12½c	Jan. 3	Dec. 15
B. Amer. Oil	25c	Jan. 3	Dec. 17
Brockville Trust	62½c	Jan. 3	Dec. 20
Do., extra	37½c	Jan. 3	Dec. 20
B. C. El. Pr. & Gas, p.	$1.50	Jan. 3	Dec. 20
Biltmore Hats	37½c	Jan. 25	Jan. 15
Building Prod., new	17½c	Jan. 3	Dec. 21
Do., extra	10c	Jan. 3	Dec. 21
Burry Biscuit, pf.	75c	Jan. 3	Dec. 22
Bralorne Mines	20c	Jan. 14	Dec. 31
Do., extra	10c	Jan. 14	Dec. 31
Burlington Steel, c.	15c	Jan. 3	Dec. 15
Burt, F. N., pf.	$1.75	Jan. 3	Dec. 7
Do., com.	30c	Jan. 3	Dec. 7
Beatty Bros., 2nd pf.	$3.50	Jan. 3	Dec. 15
Bell Telephone	$2	Jan. 16	Dec. 23
B. C. Elec. Rly., pf.	2½%	Jan. 16	Jan. 5
B. C. Power, A	50c	Jan. 14	Dec. 31
Brazilian Tr., pf.	$1.50	Jan. 3	Dec. 15
Bk. of N. Scotia	$3	Jan. 3	Dec. 16
Belding Cort.	$1	Jan. 3	Dec. 15
Do., pref.	$1.75	Jan. 3	Dec. 15
Brant. Cordage, pf.	32½c	Jan. 15	Dec. 20
Brit. Mtge. & Tr.	$4	Jan. 3	Dec. 15
Barkers Bread, pf.	62½c	Dec. 31	Dec. 23
Beatty Bros., 1st pf.	$1.50	Feb. 1	Jan. 14
Celanese of Am., p.	$1.75	Jan. 1	Dec. 16
Do., part. pf.	$5	Dec. 31	Dec. 16
Can. Packers	75c	Jan. 3	Dec. 15
Can. Nor. Pwr., pf.	$1.75	Jan. 16	Dec. 31
Do., com.	30c	Jan. 25	Dec. 31
Can. For. Invest., pf.	$2	Jan. 1	Dec. 15
Can. Gen. Elec., c.	$1.50	Jan. 2	Dec. 15
Canadian Car, pf.	44c	Jan. 10	Dec. 23
Can. Light & Pr.	50c	Jan. 16	Dec. 24
Cosmos Imp., pref.	$1.25	Jan. 14	Dec. 31
Canadian Oil, pf.	$2	Jan. 2	Dec. 20
Can. Gen. Invest.	12½c	Jan. 16	Dec. 31
Can. Celanese	75c	Dec. 31	Dec. 16
Do., pref.	$1.75	Dec. 31	Dec. 16
Can. Westinghouse	50c	Jan. 1	Dec. 20
Consumers' Gas	$2.50	Jan. 3	Dec. 15
Can. Cottons	$1	Jan. 2	Dec. 16
Do., pref.	$1.50	Jan. 2	Dec. 16
Chartered Trust	$1	Jan. 3	Dec. 15
Do., extra	$1	Jan. 3	Dec. 15
Can. Perm. Mtge.	$2	Jan. 3	Dec. 15
Can. & For. Secs.	6c	Feb. 1	Jan. 16
Cariboo Gold	2½c	Jan. 3	Dec. 7
Do., extra	2½c	Jan. 3	Dec. 7
Comm. Alcohols, pf.	10c	Jan. 15	Jan. 2
Carnation Co., c.	50c	Jan. 3	Dec. 12
Carnation Co., pfd.	$1.25	Jan. 3	Dec. 12
Central C. Loan	$2	Jan. 3	Dec. 19
Central Pat. G.	4c	Jan. 3	Dec. 15
Do., extra	2c	Jan. 3	Dec. 15
Cons. Bakeries	25c	Jan. 3	Dec. 15
Do., extra	15c	Jan. 3	Dec. 15
Can. Canners, 1st pf.	25c	Jan. 3	Dec. 15
Do., 2nd pref.	15c	Jan. 3	Dec. 15
Can. Wire Box, A	37½c	Jan. 2	Dec. 15
Cons. Smelters	50c	Dec. 31	Dec. 9
Do., extra	$1	Dec. 31	Dec. 9
Confederation Life	$1.25	Dec. 31	Dec. 25
Crown Trust	$1	Dec. 31	Dec. 31
Canada Bread, pf.	$1.25	Jan. 3	Dec. 21
Do., pref. (B)	62½c	Jan. 3	Dec. 21
Do., extra	37½c	Jan. 3	Dec. 21
Can. Industries, A B	$1.50	Dec. 23	Dec. 15
Do., pref.	$1.75	Jan. 16	Dec. 31
Canada Life	$5	Jan. 3	Dec. 31
Canada Trust	$5	Jan. 2	Dec. 15
Can. Bk. of Comm.	$2	Feb. 1	Dec. 31
Can. Dredge	$1	Jan. 31	Jan. 17
Can. Fairbanks, pfd.	$1.50	Jan. 16	Dec. 31
Can. Bronze	37½c	Feb. 1	Jan. 20
Do., pref.	$1.25	Feb. 1	Jan. 20
Can. Am. Tr. Shs., 2nd	0.062	Dec. 31	....
Can. South. Rly.	$1.50	Feb. 1	Dec. 27
Can. Silk Prod.	37½c	Jan. 3	Dec. 15
Deb. & Sec. Corp., p.	$5	Dec. 30	Dec. 21
Dome Mines	50c	Jan. 20	Dec. 31
Dom. Tar & Chem.	$1.37½	Feb. 1	Jan. 16
Dom. Fire Ins.	$3	Jan. 3	Dec. 31
Do., extra	$2	Jan. 3	Dec. 31
Dom. Foundries, c.	40c	Jan. 3	Dec. 20
David & Frere, A	15c	Dec. 31	Dec. 15
Do., bonus	10c	Dec. 31	Dec. 15
Distil.-Seag., pref.	$1.25	Feb. 1	Jan. 20
Dominion Coal, pf.	38c	Jan. 2	Dec. 15
Dominion Glass	$1.25	Jan. 3	Dec. 15
Do., pref.	$1.75	Jan. 3	Dec. 15
Dominion Bank	$2.50	Jan. 3	Dec. 20
Dom. Textile	$1.25	Jan. 3	Dec. 15
Do., pref.	$1.75	Jan. 16	Dec. 31
Dunlop Tire, pf.	62½c	Dec. 31	Dec 15
East. Steel, c.	$1	Feb. 1	Jan. 14
Edm. C. Dairy, pf.	$1.25	Jan. 2	Dec. 15
Ensign Insur.	$1.50	Jan. 3	Dec. 31
Excelsior Life	$1.20	Jan. 2	Dec. 31
East Can. Savings	$1.50	Jan. 1	Dec. 20
Do., extra	$1	Jan. 1	Dec. 20
Eastern Steel, pf.	$1.75	Jan. 1	Dec. 15
Great-West Life	$5	Jan. 3	Dec. 20
Guelph & Ont. Inv.	$1.50	Jan. 3	Dec. 20
Guelph Trust	$1.25	Jan. 3	Dec. 20
Goodyear Tire	63c	Jan. 3	Dec. 15
Do., pref.	62½c	Jan. 3	Dec. 15
Gatineau Power, pf.	$1.25	Jan. 1	Dec. 1
Greening Wire	15c	Jan. 2	Dec. 15
Gachin Holdings	.00¾	Jan. 3	Dec. 15
Goldale Mines	2c	Jan. 26	Jan. 14
Gt. Lakes Power, pf.	$1.75	Jan. 16	Dec. 31
Grey & Bruce Trust	2%	Jan. 3	Dec. 20
Guar. of N. Amer.	$1.50	Jan. 16	Dec. 31
Do., extra	$2.50	Jan. 16	Dec. 31
Goderich Elev.	25c	Jan. 3	Dec. 15
General Trust, pf.	$1.50	Jan. 3	Dec. 24
Gordon & Belyea, p.	$1.50	Jan. 3	Dec. 28
Do., 2nd pfd.	$1.50	Jan. 3	Dec. 28
Hudson's Bay, pf.	2½%	Jan. 1	....
Huron & E. Mtge.	$1	Jan. 3	Dec. 15
Ham. Un. Theat., pf.	$1.50	Dec. 31	Nov. 30
Hedley Mascot	3c	Jan. 3	Dec. 1
Do., extra	1c	Jan. 3	Dec. 1
Halifax Fire	50c	Jan. 2	Dec. 10
Hamilton Cotton, p.	50c	Jan. 2	Dec. 15
Harding Carpets	10c	Jan. 3	Dec. 17
Hollinger Cons.	5c	Dec. 31	Dec. 16
Do., extra	5c	Dec. 31	Dec. 16
Imperial Bank	$2.50	Feb. 1	Dec. 31
Indust. Accept., A	50c	Dec. 31	Dec. 21
Do., extra	12½c	Dec. 31	Dec. 21
Do., pref.	$1.25	Dec. 31	Dec. 21
Indust. Mtge.	$1	Jan. 3	Dec. 16
Intercol. Coal	$3	Jan. 2	Dec. 21
Do., extra	$2	Jan. 2	Dec. 21
Do., pref.	$4	Jan. 2	Dec. 21
Invest. Found., pf.	75c	Jan. 15	Dec. 31
Do., arrears	25c	Jan. 15	Dec. 31
Inter. Milling, pf.	$1.25	Jan. 16	Jan. 3
Inter. Nickel, c.	50c	Dec. 31	Dec. 2
Int. Nickel, pfd.	$1.75	Feb. 1	Jan. 3
Imperial Tob.	10c	Dec. 31	Dec. 9
Inter. Power, pf.	$1.50	Jan. 3	Dec. 15
Int. State Rlty., A	28c	Jan. 1	Dec. 15
Int. Metal, A pf.	$1.50	Feb. 1	Jan. 16
Do., extra	▲$4.25	Feb. 1	Jan. 16
Jam. Pub. Service	43¾c	Jan. 3	Dec. 15
Do., pref.	$1.75	Jan. 3	Dec. 15
Koot. Belle	4c	Jan. 23	Jan. 16
Do., extra	1c	Jan. 23	Jan. 16
Lamaque Gold	10c	Jan. 2	Dec. 20
Landed Bkg.	$1.25	Jan. 3	Dec. 15
Lambton Loan	$1	Jan. 3	Dec. 16
Louisiana Land	5c	Dec. 23	Dec. 19
Lang & Sons	17½c	Jan. 3	Dec. 15
Midland Loan	40c	Jan. 3	Dec. 15
Mtl. C. & D. Bank	$3	Jan. 3	Dec. 15
Mitchell, J. S., pf.	$1.75	Jan. 3	Dec. 16
Moneta Porc.	3c	Jan. 15	Dec. 31
Moore Corp.	40c	Jan. 3	Dec. 7
Do., extra	40c	Jan. 3	Dec. 7
Do., pref. A & B	$1.75	Jan. 3	Dec. 7
McColl-Fron., pfd.	$1.50	Jan. 14	Dec. 31
Melchers Dist., pf.	30c	Dec. 31	Dec. 15
Mtl. Power	38c	Jan. 31	Dec. 31
Montreal Tele.	80c	Jan. 16	Dec. 31
Mansfield Thea., p.	▲$1.75	Dec. 30	Dec. 23
Manufacturers Life	$6	Jan. 3	Dec. 28
Monarch Life	$1.20	Jan. 3	Dec. 20
Mtl. L. & Pwr.	38c	Jan. 31	Dec. 31
Nat. Steel Car	50c	Jan. 14	Dec. 31
New Eng. Power, pf.	$1	Jan. 3	Dec. 15
Do., $2 pref.	33⅓c	Jan. 3	Dec. 15
Niag. W. Weav.	25c	Jan. 3	Dec. 20
National Brew.	50c	Jan. 3	Dec. 15
Do., pref.	43c	Jan. 3	Dec. 15
N. S. Light, c.	$1.50	Jan. 3	Dec. 17
Nat. Grocers, pf.	$1.75	Jan. 2	Dec. 20
National Trust	$2	Jan. 3	Dec. 21
Nor. Ont. Power	75c	Jan. 25	Dec. 31
Do., pref.	$1.50	Jan. 25	Dec. 31
North Star Oil, p.	8¾c	Jan. 3	Dec. 15
Ogilvie Flour, c.	25c	Jan. 3	Dec. 19
Ont. Loan & Deb.	$1.25	Jan. 2	Dec. 15
Ottawa L. & Pr., n	25c	Jan. 1	Dec. 17
Do., pref.	$1.25	Jan. 1	Dec. 17
Page-Hersey	$1	Jan. 2	Dec. 15
Pickle Crow	10c	Dec. 31	Dec. 15
Premier Gold	3c	Jan. 16	Dec. 16
Paymaster Cons.	1c	Jan. 16	Dec. 31
Pioneer Gold (B.C.)	10c	Jan. 3	Nov. 26
Power Corp. pf.	$1.50	Jan. 16	Dec. 31
Do., pref.	$1.50	Jan. 16	Dec. 31
Do., 2nd pref.	75c	Jan. 16	Dec. 31
Porto Rico Pwr., p.	$1.75	Jan. 3	Dec. 15
Prov. Paper pf.	$1.75	Jan. 3	Dec. 15
Premier Trust	$2.50	Dec. 31	Dec. 20
Quebec Power	25c	Feb. 15	Jan. 25
Reno Gold	1½c	Jan. 3	Dec. 10
Remington-Rand	20c	Jan. 3	Dec. 9
Do., pref.	$1.12½	Jan. 3	Dec. 9
Real Est. Loan	$1	Jan. 2	Dec. 15
R. S. Mills, A	50c	Jan. 3	Dec. 15
Russell Ind.	$1.50	Dec. 31	Dec. 15
Do., extra	$1	Dec. 31	Dec. 15
Do., pref.	$1.75	Dec. 31	Dec. 15
Rob. Cons. Cones	25c	Jan. 3	Dec. 15
Shaw. W. & Pr.	23c	Feb. 15	Jan. 25
Securities Hold., p.	65c	Jan. 3	Dec. 22
Sterling Trusts	$1.50	Jan. 3	Dec. 20
Sun Life	$3.75	Jan. 1	Dec. 16
Sheep Creek G.	3c	Jan. 14	Dec. 31
Do., extra	1c	Jan. 14	Dec. 31
Smith, H., Pap., pf.	$1.50	Jan. 16	Dec. 31
Sylvanite Gold	5c	Dec. 30	Nov. 21
Simon & Sons	15c	Dec. 30	Dec. 15
Do., pref.	$1.75	Dec. 30	Dec. 15
Sher.-Williams, pf.	▲$1.75	Jan. 3	Dec. 15
South Can. Pwr.	20c	Feb. 15	Jan. 31
Do., pref.	$1.50	Jan. 16	Dec. 20
Stedman Bros.	15c	Jan. 1	Dec. 20
Do., pref.	75c	Jan. 1	Dec. 20
Supersilk H., 1st pf.	$2.50	Jan. 2	Dec. 16
Supertest P., c. & ord.	50c	Jan. 3	Dec. 16
Do., extra	25c	Jan. 3	Dec. 16
Do., pref. (B)	75c	Jan. 3	Dec. 16
Stand. Steel pf.	75c.	Jan. 1	Dec. 27
Stand. Fuel pf.	$1.62½	Jan. 1	Dec. 15
Silbak Prem.	4c	Jan. 25	Jan. 5

Massey-Harris Financing Near

Negotiating With Underwriters for Refunding of Present 5% Debentures

Work is under way on a plan for refunding the existing 5% gold debentures of Massey-Harris Co. At time of going to press negotiations were still not completed and it was not known when public offering of the new bonds would be made.

Reports indicate that the deal at present under consideration would provide for a new issue consisting of serial bonds and 15-year 4¼% bonds. The longer term portion of the issue would probably be offered at a discount.

The present Massey-Harris 5% debentures, due Oct. 15, 1947, are currently quoted around 100¾ bid to 101¾ asked, giving a yield of around 4.75% This market quotation would give some clue to the probable offering level of any new bond issue.

Refunding Advantages

Refunding of the existing Massey-Harris bonds would accomplish at least two important things for the company. It could eliminate the feature of the present which calls for payment of interest and principal in Canadian funds, sterling at the fixed rate of $4.86-2/3 to the £1 and in United States funds in New York. In recent years this feature has not cost the company a particularly large sum but with international currency relations as unsettled as at present it is a potential threat which, it is understood the Massey-Harris management do, not want to have hanging over their heads.

The important matter that could be changed by a refunding is the provision on the present bonds whereby, in addition to regular sinking fund payments of $100,000 semi-annually until 1941 and higher amounts later, the company is obligated to redeem $2 millions of the bonds before any dividends can be paid. Arrears of dividends on the company's 5% preferred amounted to $36.25 a share as at Feb. 15, 1938.

Earnings Near 1937 Levels

Massey-Harris earned $8.63 a share on this stock in the year ended Nov. 30, 1937. While no official information is available yet as to 1938 results, it is believed that earnings will be close to last year's level. This indicates that some dividends could be paid on the preferred if the sinking fund provisions on the bonds were altered so as to remove restrictions. These sinking fund provisions were adopted at a special meeting on Oct. 28, 1936, following default of sinking fund payments from Oct. 15. 1933, to April 15, 1936.

The present debenture issue was outstanding to the amount of $8.4 millions as at Nov. 30, 1937. It is presumed that sinking fund provisions in the meantime would redeem another $200,000. In addition the company has guaranteed the $262,600 of 5% bonds of J. I. Case Plow Works, due Sept. 1, 1940.

The 5% sinking fund debentures are secured by a specific first mortgage on the company's Toronto properties and a floating charge on other assets. They are not a specific first mortgage on the company's properties other than the Toronto assets. The debentures are redeemable at 101 at any time on 30 days notice.

Plan Approved Of Nat. Grocers

Rearrangement of Capital Structure Receives Sanction of Shareholders

Preferred and common shareholders of National Grocers Co. have approved a plan of reorganization, eliminating arrears of $22.75 a share on the present 7% preference stock, of $100 par value.

The plan was unanimously approved by shareholders at a meeting in Toronto last week. There were 25,503 shares of preferred and 236,521 shares of common represented out of 29,532 preference shares outstanding and 295,852 common shares.

It was announced at the meeting that the underwriters had agreed to pay $25 a share for any new preferred taken up for cash and it was intimated that this stock would be sold to purchasers at prices ranging from $25 to $26 a share, to yield between 5¾% and 6%.

There will be 150,000 shares of the new $1.50 cumulative preference shares created and the existing preference will be retired.

Present preference shareholders will receive:

(1) Five new prior preference shares, of $20 par value for every existing preference share, carrying a cumulative preference dividend of $1.50 a year.

(a) A payment of $2.75 a share will be paid on the existing preference.

Position of the common shareholders is not affected by the rearrangement.

Dividends Declared (Cont'd)

Steel of Can.	43¾c	Feb. 1	Jan. 7
Do., extra	$2	Feb. 1	Jan. 7
Do., pref.	43¾c	Feb. 1	Jan. 7
Tip Top Tailors pf.	$1.75	Jan. 3	Dec. 20
Do., pref.	15c	Jan. 3	Dec. 20
Trusts & Guar.	$1	Jan. 2	Dec. 17
Tamblyn	20c	Jan. 3	Dec. 15
Do., pref.	62½c	Jan. 3	Dec. 15
Thayers, pref.	$3.50	Jan. 1	Dec. 20
Teck-Hughes	10c	Jan. 2	Dec. 9
Tor. Gen. Trusts	$1	Jan. 3	Dec. 17
Toronto Mtge.	$1.50	Jan. 3	Dec. 15
Tuckett Tob., pf.	$1.75	Jan. 14	Dec. 31
Un. Bond & Sh.	15c	Jan. 15	Dec. 31
Viau pref.	$1.25	Jan. 3	Dec. 20
Ventures	10c	Jan. 4	Dec. 16
Walkerville Brew.	2½c	Jan. 16	Jan. 5
Waterloo Trust	$2.50	Jan. 3	Dec. 23
Weston, Geo., pf.	$1.25	Feb. 1	Jan. 14
Do., com.	20c	Jan. 2	Dec. 15
West. Grocers	75c	Jan. 15	Dec. 20
Do., pref.	$1.75	Jan. 15	Dec. 20
Wabasso	25c	Jan. 3	Dec. 17
West. Assur., pf.	$1.20	Jan. 3	Dec. 31
West Koot. Pr., pf.	$1.75	Dec. 31	Dec. 14
Wr.-Hargreaves	10c	Jan. 3	Nov. 23
Do., extra	5c	Jan. 3	Nov. 23
Do., interim	10c	Jan. 16	Dec. 1
Zellers, pref.	37½	Feb. 1	Jan. 14

†Initial. ▲On arrears.
*Rate to be declared later.

A. J. PATTISON JR. & CO. Ltd.
Established 1907
CORPORATION SECURITIES
Royal Bank — EL. 5101
TORONTO

B. C. Bond Dealers Elect New Officers

At the annual meeting of the British Columbia Bond Dealers Association J. McMahon, of Hall, Holland & Co. Ltd., Vancouver, was elected president of the organization.

Bruce Samis, of Samis, Wilson & Co., Vancouver, was elected vice-president; Gordon Sweet, of Waghorn, Gwynn & Co., sec.-treas., and the following were elected to the executive council: B. Williams, Dominion Securities Corp.; T. Brown, Odlum-Brown Co.; M. Brink, Pemberton & Sons (Vancouver) Ltd., and C. J. Copithorne, Western City Co.

Western Grocers Earnings Lower

Small Surplus After Preferred and Common Dividends in 1938

Sales volume and earnings of Western Grocers Ltd. for 1938 will be down somewhat from 1937, it is officially reported. However, both preferred and common dividends have been earned and there will be a small surplus available.

Recently the company made a cash purchase of the business of H. Malkin Co., wholesale grocery with head office at Vancouver. The Malkin Co. operates branches at Victoria, Nanaimo, Prince Rupert, Kamloops, Nelson, Trail, Cranbrook and Edson, Alta.

This acquisition is expected to materially assist the company and the set-up and staff of the newly-acquired company will remain unchanged, according to W. P. Riley, president of Western Grocers.

Net profit in 1937 was $212,717, as against $196,434 in 1936, equivalent to earnings of $17.81 in 1937 on 11,943, 7% preference shares, of $100 par value outstanding and $7.62 a share on 16,943 no par value common shares outstanding. In 1936 these earnings were $16.45 and $6.66, respectively. The dividend rate on the common stock was increased to $3 a share per annum with the quarterly payment of 75 cents a share on July 15, 1937.

B. C. Director of Welfare Accepts Professorship

Dr. H. M. Cassidy, director of social welfare for British Columbia for the past four and a half years, has resigned to become professor of social economics at the University of California. He will head a new department of social work now being organized at the university, and will take over his new duties in July, 1939. During the first half of the year, he will make a tour of observation and study in the United States, having been granted a Rockefeller Foundation fellowship to enable him to analyze the problem of professional training for social service administration.

DIVIDEND NOTICES

The Canadian Bank of Commerce

Dividend No. 208

Notice is hereby given that a dividend of two per cent in Canadian funds on the paid-up capital stock of this Bank has been declared for the quarter ending 31st January, 1939, and that the same will be payable at the Bank and its Branches on and after Wednesday, 1st February next, to shareholders of record at the close of business on 31st December, 1938. The Transfer Books will not be closed.

By Order of the Board,

A. E. ARSCOTT,
General Manager.

Toronto, 16th December, 1938.

The Dominion Bank

Dividend No. 225

Notice is hereby given that a Dividend of two and one-half per cent upon the paid up Capital Stock of this Institution has been declared for the quarter ending 31st December, 1938, making a total distribution of ten per cent for the current year — the Dividend will be payable at the Head Office of the Bank and its Branches on and after Tuesday, the third day of January, 1939, to shareholders of record of the 20th December, 1938.

By Order of the Board.

ROBERT RAE,
General Manager.

Toronto, 17th November, 1938.

The Dominion Bank

Notice is hereby given that the Annual General Meeting of the Shareholders will be held at the Head Office of the Bank in Toronto on Wednesday, the twenty-fifth day of January, 1939, at the hour of 2.30 o'clock in the afternoon.

By Order of the Board.

ROBERT RAE,
General Manager.

Toronto, 8th December, 1938.

Provincial Paper Limited

Notice is hereby given that Regular Quarterly Dividend of 1¾% on Preferred Stock has been declared by PROVINCIAL PAPER LIMITED, payable January 3rd, 1939, to Shareholders of record as at close of business December 15th, 1938.

W. S. BARBER,
Secretary-Treasurer.

TORONTO, Ontario.

Zeller's Limited

Notice is hereby given that the Directors of Zeller's Limited have declared the regular quarterly Dividend of one and one-half (1½) per cent (37½ cents) on the Preferred Shares payable February 1st, 1939, to Shareholders of Record January 14th, 1939.

By Order of the Board,

T. E. McDERMOTT,
Secretary-Treasurer.

The Shawinigan Water and Power Company

NOTICE is hereby given that a dividend of twenty-three cents (23c) per share has been declared on the no par value common shares of the Company for the quarter ending December 31, 1938, payable February 15, 1939, to shareholders of record January 25, 1939.

By Order of the Board,

H. G. BUDDEN,
Secretary and Assistant Treasurer.

Montreal, December 21, 1938.

Better Prices May Be Coming

Another Bumper World Crop Seen as Unlikely

From Our Own Correspondent

WINNIPEG.—As the wheat market sizes up the situation at the end of the calendar year some grounds become apparent for hope that stronger prices may be in the making for 1939. These rest mainly on the argument that the price structure has now been exposed to the maximum of unfavorable influences.

There is a lot of wheat in the world, more than there has ever been before at this season of the year. The impact, however, of supplies on the market may be expected to become progressively less as the volume of actual world supplies decreases steadily during the next few months by 10 million bushels or more every day. Moreover, although the year end carryover is bound to be large, it has now been in prospect, and in process of being discounted for some months.

Poorer Prospects

As an offset from now on there will begin to be important crop prospects for 1939. These seem almost certain to promise a production several hundred million bushels less than in 1938. The fact that world production in 1938 was several hundred million bushels in excess of probable consumption was due to extraordinarily favorable weather which gave an average world yield per acre of 1.9 bushels in excess of that of 1937.

See Smaller Yield

It is altogether unlikely that such a high average yield per acre throughout the world will again be experienced for a considerable time.

In United States winter wheat alone, there is already in prospect a reduction of 200 million bushels from the production level of 1938. The statement issued by the United States Department of Agriculture, indicates production of 485 million bushels for winter wheat, as against 685 million bushels in 1938.

This is based both on reduction in area of more than 10 million acres and on the poor condition in which the standing wheat crop went into the winter. The reduction in acreage fell considerably short of that aimed at by the Department, which was 39 million acres instead of 46 million actually seeded, but the government promises of payments to farmers who reduce acreage appears to have had a good deal of effect, and corresponding payments may well reduce the spring wheat seedings by four million acres or more.

Commodities

For the first time in months, practically every item in the commodity list has shown strength. With inventories of manufacturers at unusually low level, the stage seems all set for a general advance. International observers, however, still continue rather cautious and doubt whether all lines can participate equally. Conditions are by no means uniform. Wheat, for instance, continues in plentiful supply, and also some other agricultural products like cotton.

The recent advance in Canadian livestock prices has continued.

	Latest week	Previous week	Same week last yr.
Cattle	$7.50	$7.00	$8.00
Hogs	9.90	9.50	8.90
Copper, lb.	.11¼	.11¼	.11
Cotton, lb.	.0882	.0862	.0843
Rubber, lb.	.1645	.1611	.1512
Sugar, raw, lb.	.0285	.0285	.0320
Silk, lb.	1.84	1.82	1.58½
Wheat, Man. (bus.)	.60½	.59½	1.41⅛
Coffee, lb.	.05¼	.05¼	.06¼
Hides	.12	.11½	.11
Weekly Indices			
Canada (D.B.S.)	73.4	73.3	82.8
Do., Wood, Gundy	55.5	54.6	61.8
U. S. Labor	76.7	77.1	81.5
Dow Jones (future)	48.19	47.67	53.88
Crumps (Brit.)	71.3	71.1	77.4
Fisher's	79.7	79.8	83.2
Monthly Indices			
Canada (D.B.S.)			
Retail (Nov.)	83.7	83.8	84.2
W'sale (Nov.)	73.5	74.1	84.6
U. S. (Oct.)	77.6	78.3	85.4
Gt. Brit. (Oct.)	99.1	98.4	110.6

Note: The base of indices is that 1926 equals 100. The British index is Board of Trade converted to 1930 base.

Base of price quotations is as follows: Cattle—Steers, good, over 1,050 lb., top price, Toronto. Copper-electrolytic, New York. Silk—Crack db., 13-15 New York. Sugar—96 degrees centrifugal c/f New York. Wheat—No. 1 man. North., Ft. W.-Pt. A. Basis. Hides—No. 1 packer light.

Eastern Steel Products Pays Dividend of $1

Eastern Steel Products has declared a dividend of $1 a share on its common stock, payable Feb. 1, 1939 to shareholders of record Jan. 14. Last previous payment was for a similar amount on Feb. 1, 1938.

It has previously been reported that this company's sales volume has been maintained close to that of 1937 and that earnings are likely to be near the $105,546 reported for the year ended Nov. 30, 1937.

Mansfield Theatre Pays $1.75 Dividend on Arrears

Directors of Mansfield Theatre Co. have declared a dividend of $1.75 a share on account of arrears on the 7% preference stock, of $100 par value, payable Dec. 30, to shareholders of record Dec. 23. Following this payment, arrears will amount to $43.75 a share.

DIVIDEND NOTICES

Canadian Bronze Company, Limited

DIVIDEND NOTICE.

THE quarterly Dividend of 1¼%, on the PREFERRED STOCK of CANADIAN BRONZE COMPANY, LIMITED, has been declared payable the 1st day of February, 1939, to Stockholders of record as of the 20th day of January, 1939.

Also a quarterly Dividend of Thirty-seven and one-half (37½c) Cents per Share has been declared on the present outstanding COMMON STOCK of CANADIAN BRONZE COMPANY, LIMITED, for the three months ending January 31st, 1939. Payable the 1st day of February, 1939, to Stockholders of record as of the 20th day of January, 1939.

By Order of the Board,
W. C. PAQUETTE,
Secretary.

Montreal, P.Q.,
December 23rd, 1938.

Week in Wheat

Fears of Crop Injury Strengthen Markets

Chicago Watching Closely United States Winter Wheat Areas — Waiting Resumption of International Buying After Holidays

From Our Own Correspondent

WINNIPEG.—Recent strength on the Winnipeg market is largely attributed to the lead of Chicago. The latter market is most closely concerned with the United States winter wheat conditions. Most crop reports have been unfavorable. Importance of this influence, however, cannot be fully judged until international trading is resumed after the holiday season.

If Chicago continues to gain independently, a widening of the spread between that market and Winnipeg is to be expected. Any quick rise in United States prices will denote a feeling that the Chicago market may, next year, be comparatively independent of the world price level.

Unfavorable weather for corn in Argentina may possibly develop as a bullish factor in the wheat market, tending to offset in part at least the effect of the large wheat crop just produced. This will be due to the fact that prices for imported corn in some European markets tend to be higher than those for low-grade wheats, increasing the use of the latter for livestock feeding.

Injury in Europe

How much damage has been done to the European crop by recent cold spells is entirely problematical as yet, but in all events, extensive injury is feared. In the Danubian countries alone, if production is as much under average as it was above this year, the decline in 1939 production may easily be 150 million bushels or more. For all Europe the difference might easily amount to three or four hundred million bushels.

Crop prospects in India are still regarded as poor, and even if that country does not import a great deal of wheat in 1939, it is altogether unlikely that it will have any to export. If wheat production in 1938 was above all previous records, the same may be said for prospective wheat consumption. The feeding of wheat to livestock in Great Britain, the United States, the Danubian countries, Australia and Argentina is likely to account for a large volume, while extra human consumption in the Balkans, is also expected to be important.

• • •

Market Strength

There are possibilities of other strengthening factors in the marketing of the Argentine crop. The lack of selling pressure noticed there, in spite of the large crop just harvested, gives confirmation in this respect. Argentina appears likely to make large sales both to Italy and to Germany. The fact that it imports in considerable quantity from both of those countries makes available exchange to pay for wheat to a much greater extent than is the case with Canada.

There appears to be a recognition in Germany of the need for large imports of food, and a willingness to make them to the extent that means of payment can be provided.

• • •

French Selling

France finds itself with a surplus of wheat which cannot be disposed of by export dumping, and in consequence there may be a good deal of use of wheat for livestock feeding. Already some considerable quantities have been denatured by staining a percentage of kernels with harmless vegetable dye, in order that it may be made unavailable for milling and sold at low prices without impairing the price of flour.

• • •

Barter Pitfalls

On the bearish side of the picture there is mentioned the possibility of disturbing repercussions from any possible barter arrangements the Argentine may make with Germany. When the latter started bartering with Roumania, last fall, Great Britain stepped in to protect its trade and also took large quantities of Roumanian grain.

If the same thing follows any German barter with Argentina, Canadian sales to the Old Country might suffer. Canada or other large exporters of wheat might offer special selling inducements with consequent disastrous effects on prices.

U. S. Loan to Help Pound Not Thought Practicable

Suggestions that Canada should float a large loan in the United States to be used to buy Canadian bonds now held in Great Britain do not meet with favor in Canadian banking and investment circles.

The proposal of a Canadian loan in U. S. has been made with two objects in view.

1. To strengthen sterling by providing, say, $250 millions in U. S. dollars.

2. To bring this amount of Canadian bonds nearer home in the United States.

Canadians generally favor any move that would strengthen sterling but it is claimed that the amount mentioned in comparison with Britain's international payments would be too small to have any lasting effect.

Said to be Impracticable

It is also claimed that it would be impracticable to buy any substantial amounts of Canadian government bonds on the London market. In the first place the floating amount is small. This has been found by Canadian institutions which have tried to buy any quantity of them. Many Britishers have bought Canadian Government bonds for income purposes and are not likely to sell even if the price fluctuates.

Any sustained demand in the past has brought sharp advances in price with an eventual drying up of the supply.

Hurt Canadian Credit

A Canadian banker also pointed out that British investors had sometimes complained of their experience in certain Canadian mining and railroad securities but government bonds were one security that had always given satisfaction. To buy any quantity of them in would lessen the supply of good Canadian issues held in Britain increasing the proportion of undesirable ones. This might injure Canadian credit there.

As regards the second object general opinion is that the move would have an unfavorable rather than a favorable effect. A high premium on U. S. dollars over Canadian is believed much more likely to be seen in the future than a premium on the pound. Canada, in the past, has suffered severely from her currency being at a discount under U. S. To lessen our sterling indebtedness and increase that to the U. S. would only add to our difficulties in event of a recurrence of such a condition.

Studied at Washington

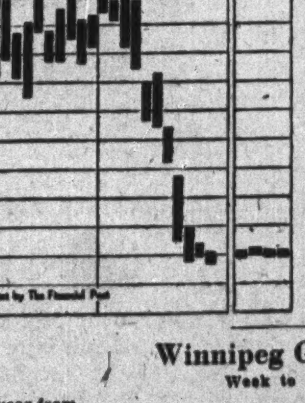
The possibility of such course of action was noted in a recent issue of the Whaley-Eaton Letter, published in Washington, D.C., which said:

"Weakness of the sterling exchange is occasioning study by the British authorities of possible expedients for its support. A proposal under serious consideration though probably not for immediate adoption looks toward Canadian borrowing in the United States. The proceeds would be used to liquidate Canada's sterling indebtedness and the effects would be to provide London with dollars. Canada does not come within the inhibitions of the Johnston Act and her credit in the United States is good. It is now understood that while the American authorities do not object to sterling at something lower than the old par $4.87, they would view with apprehension too cheap a pound, meaning say a pound below $4.50. This is one reason for the constant rumors of a possible further devaluation of the dollar by Roosevelt."

GROWERS WINE DIVIDEND

Growers Wine Co., B.C. native wine-making concern, paid a dividend of five cents a share on its 367,210 shares on Dec. 15, 1938. This continued the dividend payment at a rate corresponding to that of 50 cents a share paid semi-annually for the past three years prior to the ten-for-one stock split approved by shareholders last July.

Wheat Prices



(Cash Quotations)

	For Week Dec. 27 High	For Week Dec. 27 Low	Prev. Week High	Prev. Week Low
1 Hard	.61⅜	.59⅜	.61⅜	.59⅜
1 Northern	.61⅛½	.59⅛	.61⅜	.59⅜
2 Northern	.58⅛	.56⅛	.58⅜	.56⅛
3 Northern	.53¼	.51¼	.53⅜	.51¼
4 Northern	.46⅜	.44⅜	.46⅜	.44⅜
5 Wheat	.40⅛	.38⅛	.40⅛	.38⅛
6 Wheat	.36⅛	.34⅛	.36⅛	.34⅛
Feed Wheat	.34⅛	.32⅛	.34⅛	.32⅛

Competitive Export Prices:

Dec.-Jan. shipments.

	Week to Dec. 27 High	Week to Dec. 27 Low
No. 1 North. (Vanc.)	.77¼	.76⅛
No. 1 U. S. Dark‡	.67	.64¾
No. 2 U. S. Dark‡	.64¾	.62⅞
No. 3 North. (Atlan.)	.75¾	.74⅝
Australian (afloat) new	.65½	.65½
Argentine Rosafe†	.63¼	.62⅞
Roumanian	.55½	.55⅛

‡Hard winters, Dec.-Jan. †63½ lb. Jan.-Feb.

Winnipeg Grain Futures

Week to Dec. 27, 1938

Crop year from Aug. 1, 1938 High	Crop year from Aug. 1, 1938 Low		Open Dec. 21	High for week	Low for week	Close Dec. 27	Close year ago
		Wheat					
.76⅝	.56	Dec.	.59⅛	.61⅜	.59	.61⅛	1.29¾
.79⅛	.60⅛	May	.61	.62⅞	.61	.63¾	1.18¾
.85	.60¼	July	.61⅝	.63⅝	.61½	.63¼	1.11⅜
		Oats					
.31½	.25¾	Dec.	.28⅛	.28⅜	.26⅛	.28⅜	.48⅜
.33¼	.27⅛	May	.28⅛	.29⅜	.28⅛	.29¼	.47
.29⅛	.27⅜	July	.28¼	.28⅜	.24⅛	.28¾	.44⅝
		Barley					
.44⅛	.33⅛	Dec.	.38⅛	.39⅛	.38¼	.38⅛	.60½
.44⅜	.34⅜	May	.38¼	.39¼	.38¼	.39	.59⅜
.38⅛	.36½	July	.....	.38⅜	.37⅜	.38⅛	.57⅛
		Flax					
1.49¾	1.25¼	Dec.	1.32¼	1.43	1.40	1.43	1.71¼
1.43¾	1.29¾	May	1.39⅜	1.42½	1.38¾	1.42½	1.71½
		Rye					
.47⅞	.36⅜	Dec.	.....	.40⅞	.39½	.40⅞	.76⅛
.47⅜	.39⅛	May	.41½	.42⅛	.41	.42⅜	.77⅜
.43⅛	.40	July	.41⅞	.43⅛	.41⅜	.43⅛	.76⅛

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Banking

Canada's Banks Prepared For Business Expansion

Larger Proportion of Short-term Investments and Higher Cash Reserve Increase Funds Readily Available for Loans

Canadian chartered banks face 1939 with confidence. They have consolidated their position and are ready to take advantage of any upturn in general business. In some quarters it is not expected that there will be any marked change for the first few weeks. February especially is a time when business often is quiet. It is featured by stocktaking and clearances of winter lines in preparation for the spring. But with the approach of spring it is hoped there will be considerable expansion in construction industry and general trade and a better demand for bank credit.

Latest bank returns have shown an expansion in commercial loans over a year ago. Current loans at the close of October in Canada amounted to $848.2 millions, or $78.4 millions above the same month of 1937.

The expansion has to quite a large extent been due to the financing of the larger wheat crop but there has also been some improvement reported in ordinary loans.

More Short Term Investments

A feature of the latest bank statements and of the annual statements of certain of the chartered banks which have been issued so far is the change shown from long term investments to short term. Compared with a year ago short term investments have been increasing much more rapidly and this in some cases, at least, is being done deliberately. The object is that when the demand for loans begins to expand, it will stand the banks in good stead to have a large part of their investments in early maturing issues. It is also felt that while there is little prospect at the moment of any strengthening in interest rates yet such a thing is possible and it is well to be ready to take advantage of it. Cash reserves of the banks at the close of October were about $30 millions higher than last year probably with the same object in view.

With total assets at $3,423 millions up $125 millions from a year ago it is evident that the banks stand ready to serve increasing demands from business.

Note Circulation

Another important change that has taken place is the decrease in note circulation of the chartered banks amounting to $12 millions to Oct. 31. In the case of a number of individual banks the note circulation is being reduced at a more rapid rate than that demanded by the legislation transferring the note circulation over to the Bank of Canada. This is partly due to the fact that under existing legislation the banks can use Bank of Canada notes for till money and cash reserves more cheaply than they can their own notes and hence are withdrawing the latter.

It is estimated that it costs about 1½% to replace the notes and service them, and with interest rates as low as they are at present it does not really pay the banks to keep the allowable amount of their own notes in circulation.

Profits Higher For Prov. Bank

Deposits and Commercial Loans Both Show Expansion

From Our Own Correspondent

MONTREAL. — Increases in deposits, loans and profits are shown by the financial statement of the Provincial Bank of Canada for the year ended Nov. 30.

Net profit for the year, after providing for taxes but before providing for depreciation of real estate and contingency reserve, was equivalent to $8.70 a share, compared with $8.52 a share in 1936-37.

Comparative income and surplus figures are given below:

Income and Surplus Account
Years Ended Nov. 30

	1938 $	1937 $
Net earnings	450,428	444,410
Less: Res. for taxes	102,300	103,440
Net profit	348,128	340,970
Less appropriations:		
Dividends	240,000	240,000
Written off premises	50,000	50,000
Surplus for year	58,128	50,970
Add: Prev. surplus	232,907	231,937
Less: Prov. for conting.	50,000	50,000
Balance forward	241,035	232,907

Liquid assets at Nov. 30 amounted to $38.2 millions, equivalent to 73% of the bank's liabilities to the public. This is a decrease of 3% from the previous year due to an increase in commercial loans.

Current loans at $16.2 millions are $2.5 millions higher than a year ago. Interest bearing deposits are up $1.7 millions at $40.7 millions.

Condensed Statement
As at Nov. 30

Assets	1938 $	1937 $
Cash items	3,935,284	4,272,890
Dep. with other banks	3,780,873	4,154,409
	7,716,157	8,427,299
Dom. & Prov. bonds, short term	7,348,709	4,860,397
Dom. & Prov. bonds, longer term	6,815,125	9,977,559
Can. Mun. secs.	9,869,694	9,224,246
Other bonds, etc.	2,069,795	2,365,370
Call loans (Can.)	4,220,299	4,880,616
Dep. with Min. of Fin.	160,050	176,530
Quick assets	38,199,829	39,912,017
Current loans	16,189,346	13,730,074
Letters of credit	226,700	278,658
Real estate	919,021	971,295
Bank premises	2,067,567	2,089,364
	57,602,463	56,981,408
Liabilities		
Deposits, non-int.	8,535,735	9,383,671
Deposits, bear. int.	40,797,068	39,100,361
Notes in circ.	2,848,076	3,055,227
Letters of credit	114,285	144,864
Total liab. to public	52,295,164	51,684,123
Dividends	66,264	64,377
Capital paid-up	4,000,000	4,000,000
Reserve fund & surp.	1,241,035	1,232,908
	57,602,463	56,981,408

Staff Changes

The Royal Bank of Canada announces the following staff changes:

A. N. DANDO, accountant Victoria, to be manager Smithers, B.C.

R. A. EAST, manager St. Catharines, to be manager Yonge & Bloor, Toronto.

A. G. MACKENZIE, manager Tillsonburg, to be manager St. Catharines, Ont.

H. S. Y. THURSTANS, manager Bay & Temperance, to be manager Hamilton, Ont.

G. CATHERWOOD to be accountant at Toronto.

T. P. PEACOCK, Hamilton, retires on pension.

Bank Chat

In an address delivered before the C. Y. Discussion Club at the Central Y.M.C.A. in Toronto recently, F. C. Biggar, secretary of the Canadian Bank of Commerce, stated that it was a common delusion that a shortage exists in our money supply and that this is responsible for the noticeable lack of purchasing power from which we have been suffering. He added that those who held these views seemed unaware of the fact that at the present time, the total supply of money in Canada exceeds that available at the highest peak it reached before the depression. It is indeed more than double the supply of pre-war days when Canada experienced many years of great and general prosperity. He also dealt with suggestions that Canada should follow the example of England and Australia through a forced refunding of outstanding bonds. He stated that it was a complete misstatement of fact to say that the British conversion was in any way a forced refunding while in Australia the conversion was 97% voluntary and entirely within the country.

* * *

Appointment of W. B. Watson as chief of the securities department of the Bank of Canada is announced. Mr. Watson has been Toronto representative of the securities department of the bank since 1935. Prior to that he had been in the bond business in Toronto for 14 years. He will be succeeded as Toronto representative by H. G. Gemmell who entered the service of the Bank of Canada in May, 1938, after 14 years in the bond business. W. H. Budden, who has been associated with the securities department of the bank at Ottawa, will remain there as deputy chief.

Bank of Canada Weekly Statement

A decrease of over $3 million dollars in the holdings of sterling and U. S. dollars is one of the features in the statement of the Bank of Canada for the week ending Dec. 21. Holdings of Dominion Government short term were down practically $5.2 millions, other Dominion Government securities being up almost $1 million.

On the liability side note circulation was up $3.6 millions, probably reflecting the greater demand for cash for Christmas buying while deposits of the chartered banks were down $7.1 millions.

Balance Sheet

	Dec. 21 1938 $	Dec. 14 1938 $
Liabilities		
Capital paid up	5,000,000	5,000,000
Notes in circ.	176,943,894	173,284,284
Rest fund	1,348,414	1,348,414
Depos.: Dominion	28,196,365	31,446,100
Banks	199,410,538	206,584,930
Other	2,067,491	2,673,740
Total deposits	229,674,394	240,704,770
All other liabs.	4,108,594	3,869,820
Total liabs.	417,075,296	424,207,288
Assets		
Reserve: Gold	182,360,356	181,826,030
Res. in sterling and U. S.	40,767,442	43,844,476
Other curr.	2,005	2,005
Total reserve	223,129,803	225,672,511
Subsidiary coin	230,382	247,290
Investments:		
Dom. govt. short	148,098,841	153,292,957
Other Dom. govt.	40,493,034	39,497,940
Total invest.	188,591,875	192,790,897
Premises	1,713,585	1,713,468
All other assets	3,409,651	3,783,122
	417,075,296	424,207,288
Reserve ratio	54.87%	54.51%

Weekly Bank Clearings

	Dec. 22 $	Change Year ago %	Dec. 15 $
Halifax	2,765,202	—10.3	2,388,548
Saint John	1,805,968	—2.1	1,553,847
Moncton	1,008,699	+4.1	890,432
Sherbrooke	704,247	+1.4	759,412
Quebec	5,459,572	—5.8	5,017,756
Montreal	107,524,233	—1.8	93,291,853
Ottawa	17,495,222	—12.8	14,902,419
Peterborough	719,733	+4.8	628,364
Toronto	165,557,676	+28.9	103,030,913
Hamilton	5,471,700	—7.3	4,644,959
Kitchener	1,190,671	—2.0	1,015,075
Brantford	1,172,037	—13.2	870,922
London	3,354,585	+0.9	2,502,994
Chatham	864,842	+0.7	602,102
Windsor	3,475,486	—12.9	2,668,242
Sarnia	632,650	—1.0	446,692
Sudbury	951,637	—7.5	1,037,561
Fort William	731,102	—21.2	640,855
Winnipeg	39,244,175	+22.3	35,822,227
Brandon	361,336	+13.4	326,497
Regina	3,826,812	+2.1	3,317,891
Moose Jaw	681,314	+2.8	554,950
Saskatoon	1,318,287	—2.5	1,242,682
Prince Albert	287,300	—18.6	280,216
Edmonton	4,365,648	—2.5	3,887,330
Calgary	7,089,673	+6.9	6,431,635
Medicine Hat	238,401	+5.9	184,700
Lethbridge	544,678	—11.6	609,114
N. W'minster	580,395	—24.5	630,660
Vancouver	20,843,549	+3.8	16,655,691
Victoria	1,993,698	+3.6	1,617,826

Life Sales Up In 4 Provinces

Newfoundland Shows Increase — Total for November Down

Sales of ordinary life insurance in Canada and Newfoundland in November totalled $36.6 millions compared with $38 millions in the same month of 1937.

The figures are compiled by the Life Insurance Sales Research Bureau and given out by the Canadian Life Insurance Officers Association. They are based on returns by 18 companies having 87% of the total insurance in force, exclusive of group and wholesale insurance, annuities, pension bonds without insurance, reinsurance revivals, etc.

Among the provinces the greatest percentage gain was shown by Saskatchewan, which had total sales of $1.3 million compared with $1 million last year, an increase of 31.81%. Increases were also shown by British Columbia, Manitoba, Ontario, Prince Edward Island and Newfoundland. Sales in Alberta, New Brunswick, Nova Scotia and Quebec were lower than a year ago.

Total sales for 1938 to the end of November were $344 millions against $352 millions for the same months of last year, a total decline of 2.45%. This is a much better showing than the sales of ordinary life insurance in the United States which were down 17.9% from the first 11 months of 1937. The sales in United States for November, however, were up 4%.

Sales by provinces for November, 1938, and a year ago were as follows:

British Columbia	$2,685,000	$2,624,000
Alberta	1,792,000	1,832,000
Saskatchewan	1,355,000	1,028,000
Manitoba	2,390,000	2,214,000
Ontario	16,599,000	16,162,000
Quebec	8,904,000	11,001,000
New Brunswick	956,000	1,021,000
Nova Scotia	1,322,000	1,562,000
P. E. Island	178,000	165,000
Newfoundland	430,000	411,000
	36,611,000	38,020,000

Ordinary Life Sales
(a) Sales by Month, 1935-1938
($ 000 omitted)

	1935	1936	1937	1938
Jan.	32,988	33,347	27,789	30,606
Feb.	28,716	28,834	30,619	31,204
Mar.	31,416	30,552	32,322	32,796
Apr.	28,900	28,876	32,562	29,981
May	27,423	28,411	31,916	30,342
June	32,112	31,247	37,908	35,120
July	32,155	31,396	32,040	30,126
Aug.	26,854	23,547	28,411	27,996
Sept.	26,696	28,090	27,730	27,442
Oct.	30,416	29,402	33,416	31,854
Nov.	35,158	36,710	38,020	36,611
Dec.	36,550	34,146	37,125	....

Insurance

Better Outlook Seen For Life Insurance

Prospects in the life insurance business in Canada for 1939 on the whole are bright. The trend in general trade and industry in Canada and the United States is upward where a year ago it was down and sentiment is more hopeful.

Conservation of existing business and the development of greater permanence among the sales staffs are matters which are receiving more and more attention in the business.

Record of 12 Months

Encouragement for the coming months is to be had in the record of the past 12 months. Final figures for the year 1938 are not yet available but it is predicted by A. N. Mitchell, president of the Canadian Life Insurance Officers Association and president of the Canada Life Assurance Company, that new business written in Canada would total $625 millions for the year. This includes business written by Dominion and provincial licensed companies and by fraternal benefit societies, operating in Canada. Mr. Mitchell also estimated that total business in force would exceed $7 billions.

"When it is considered," he said, "that despite the recession of the spring and the very pronounced slowing down of business generally owing to the grave international situation in the fall, new insurance sales will probably only be from 2% to 3% below those of 1937, and that the volume of insurance in force will establish a record all high for Canada, the results are particularly gratifying, not only as an expression of the confidence of three and a half million Canadians in what is perhaps the greatest co-operative business in the Dominion, but as an expression of faith in the country itself.

"As president of the Canadian Life Insurance Officers Association whose member companies have been chosen to carry out the desires of so many Canadians, I consider it my duty to put forward a point of view which all Governments and those in public life should ponder.

Attitude Toward Debt

"In recent years there seems to have been a tendency in Canada, and elsewhere, in considering the plight of the debtor, to regard the removal of what is called 'the burden of debt' as a matter of foremost national importance and to disregard the effect this would have upon the creditor, whose need is as important from the national standpoint as that of the debtor—and oftentimes quite as acute. I would remind you that what one man owes is what another man has saved, and that those who save are greatly in the majority. To remove this so-called 'burden of debt' by cancellation or repudiation simply means to plunder those who save, for the benefit of other members of the same community. I say emphatically that this is not the solution and that the time has come to consider just where such policies will lead us. It could lead to national disaster.

"The backbone of the Canadian economy is the volume of small savings, gathered together in dimes, quarters and dollars and placed for safekeeping in investments in our institutions, such as banks, insurance companies, trust companies and loan companies. A man owing $2,000 on a mortgage actually owes that amount to many individuals. Suggested removal of the so-called 'burden of debt' presumably presupposes that these thrifty individuals shall give up their hard earned money for the benefit of the debtor.

Interest Rates

"Cancellation of debt, repudiation, unfair debt adjustment legislation and unfairly prolonged moratoria are dangerous paths for a nation to follow. Undue stress on low rates of interest is another. Those who practise thrift are entitled to a return which will enable them to accomplish certain ends, such as the buying of a house, farm or business and security for old age, and a reasonable standard of living for their dependents. Rates of interest have become unduly low and if this is the result of Government policy I think I am entitled, in the capacity in which I am speaking, to ask that we stop, look and listen."

Obituaries

Hippolyte Lafontaine, manager of La Banque Canadienne Nationale at St. Hughes, Que., died at his home there. He was 53 years of age.

* * *

J. A. Chevalier, of Three Rivers, Que., president of J. A. Chevalier and Sons, died at his home in his 71st year.

* * *

A. B. Crealock, registrar and secretary-treasurer of the Association of Professional Engineers of Ontario, died at Toronto, Dec. 21, in his 46th year.

* * *

H. W. Mitchell, Canadian manager for the S. B. Penick Co. of New York, died at his home in Toronto, Dec. 20, in his 68th year.

* * *

W. H. Cawthra, barrister, died in Toronto Dec. 24. He was in his 71st year.

* * *

J. W. Pilcher, formerly manager of the Montreal branch of the Canadian General Electric Co. Ltd., died in Toronto Dec. 25.

* * *

Robert Smith, president of John B. Smith and Sons Ltd., Toronto, died in Toronto, Dec. 20, aged 88.

Higher Rates Justified In Some Casualty Lines

Higher premium rates on certain classes of casualty insurance may possibly be seen in the coming year. Although no definite action has been taken, it is known that a number of the companies are rather restless owing to the loss experience in recent months. Competition, of course, remains keen and this may have checked any upward revision even though it may be felt that it is justified.

Accident, sickness and public liability are among the classes in which it is claimed higher premiums should be established owing to increased number of claims. This is partly due to a greater claims consciousness on the part of the public. Many people finding the strain of business hard are tempted to make a claim for sickness benefits on the slightest pretext and the same happens as regards accidents. In addition, of course, there are many bona fide cases due undoubtedly to more strenuous conditions of living.

The same factors affect the frequency of claims made under the heading of liability insurance.

In any case the trend of claims in all three lines of insurance indicated is stated to be steadily upward.

The same condition exists in automobile insurance. The situation as regards public liability and property damage in this branch was outlined in The Financial Post recently when it was shown that on the experience of recent months higher rates were justified. Since that time the matter has been receiving intensive study by a special committee but at latest reports no decision had been reached.

In Inland Marine Insurance the next few months are liable to see some changes. The business is stated to be much disorganized at present with companies showing wide divergence in the matter of forms, commissions and rates. A meeting was called recently, it is understood, at the behest of the Dominion Board of Underwriters. At this meeting the need of greater co-operation among the companies was urged with the idea of stabilizing the business. Warnings were issued, it is understood, that if the offending companies did not regulate themselves in these matters they were only inviting regulation from the government authorities.

The outlook in fire insurance is dependent largely on the course of general business and the construction industry. Rates continue to fall but it is hoped that greater activity in trade, industry and construction will take care of any further reduction in premiums. Advancing commodity prices, higher inventories and increased construction will mean much to the fire business.

Figures for 1938 are not available at time of writing but it is estimated that total income from fire premiums will be lower while losses have increased.

What if this happened in YOUR Building?

An elevator door left carelessly open may result in serious injury, even death. The British Northwestern Elevator Liability Policy is designed to offer protection against such a happening.

Premiums include regular inspection and services for prevention of accidents.

Ask your Agent for complete details — or write direct to Head Office.

BRITISH NORTHWESTERN
FIRE INSURANCE COMPANY
Head Office for Canada: 217 Bay Street, Toronto
J. H. RIDDEL, *Managing Director* V. G. CREBER, *Asst. Manager*
A. C. RUBY, *Br. Mgr.*, WINNIPEG M. NEVILL, *Br. Mgr.*, VANCOUVER

CONTINENTAL LIFE
FOUR SQUARE

Four Square Security . . . Providing
Immediate Protection and Future Independence at Low Cost
A PURELY CANADIAN COMPANY
ESTABLISHED 1899

President JOHN W. HOBBS
Managing Director NEWTON J. LANDER

Each year for the last twelve years the Standard Life of Edinburgh has declared a . . . . .

$21
PER $1,000

ANNUAL COMPOUND BONUS
addition to the Sum Assured . . . In 1938 this yielded for the year to many of the older members over

$40
PER $1,000
on the original sum assured

Generous Cash Dividends were also declared under the Cash Dividend Plan.

THE STANDARD LIFE
ASSURANCE COMPANY
HEAD OFFICE: 3 GEORGE STREET, EDINBURGH
HEAD OFFICE FOR CANADA, 391 St. James Street, MONTREAL

All policies are written and issued in Canada and claims are admitted and paid by the Canadian Board of Directors.

W. H. CLARK-KENNEDY, Manager for Canada, 391 St. James St., MONTREAL
Branch Offices are maintained in the following cities: Toronto, London, Ottawa and Hamilton, Ont., Fredericton and Saint John, N.B., Halifax, N.S., and Vancouver, B.C.

37 YEARS

SINCE 1901 NORTHWESTERN MUTUAL HAVE RETURNED MORE THAN 23 MILLION DOLLARS IN DIVIDENDS TO POLICYHOLDERS.

BRANCHES ACROSS CANADA
Toronto, Hamilton, Ottawa, Halifax, St. John, Moncton, Quebec City, Montreal, Winnipeg, Saskatoon, Edmonton, Calgary, Kelowna, Victoria, Vancouver

NORTHWESTERN MUTUAL FIRE ASSOCIATION
NON-ASSESSABLE POLICIES ASSETS $7,683,067

The Provincial Bank of Canada

CONDENSED STATEMENT—30th NOVEMBER, 1938

ASSETS

Cash on hand—(Notes and cheques on other banks and notes of the Bank of Canada)	$ 3,935,283.67
Deposits with other banks	3,780,873.13
	7,716,156.80
Dominion and Provincial Government direct and guaranteed securities maturing within two years	7,348,708.65
Other Dominion and Provincial Government direct and guaranteed securities maturing beyond two years	6,815,125.31
Canadian Municipal securities	9,869,693.74
Other bonds, debentures and stocks	2,069,795.09
Call and short loans in Canada, on stocks, debentures, bonds and other securities, of a sufficient marketable value to cover	4,220,299.01
Deposit with the Minister of Finance	160,050.50
	$38,199,829.10
Loans and discounts in Canada, including advances to Municipalities and School Districts	$16,189,346.24
Liabilities of customers under letters of credit and other assets	226,700.33
Real Estate other than Bank Premises, and Mortgages	919,021.21
Bank Premises	2,067,566.62
	$57,602,463.50

LIABILITIES

Deposits not bearing interest	$ 8,535,735.10
Deposits bearing interest	40,797,068.14
Notes of the Bank in circulation	2,848,076.50
Letters of credit outstanding and other liabilities to the public	114,284.70
	$52,295,164.44
Dividends due Shareholders	66,263.97
Capital Paid Up	4,000,000.00
Reserve Fund and Surplus	1,241,035.09
	$57,602,463.50

THE GENERAL MANAGER,
THE PROVINCIAL BANK OF CANADA, Montreal.

The above is a condensed statement of the Balance Sheet submitted to the Shareholders which has been compared with the books of the Head Office and with the certified Branch Returns. We have obtained all the information and explanations that we have required.

In our opinion, the transactions of the bank which have come under our notice have been within the powers of the Bank and the above statement discloses the true condition of the Bank, after making provision for losses and doubtful accounts and as shown by the books of the Bank.

(Signed) J. A. LaRUE, C.A.
(Signed) RODOLPHE BEDARD, C.A.

Montreal, December 20th, 1938.

PROFIT AND LOSS ACCOUNT — 30th NOVEMBER, 1938

CREDIT

Balance at credit of Profit and Loss Account—November 30th, 1937		$232,907.37
Profits for the year ended 30th November, 1938, after making appropriations to contingency accounts, out of which accounts full provision for bad and doubtful debts has been made		450,427.72
		$683,335.09

DEBIT

Quarterly dividends at the rate of 6% per annum on Paid Up Capital, as follows:		
Paid March 1st, 1938	$60,000.00	
Paid June 1st, 1938	60,000.00	
Paid September 1st, 1938	60,000.00	
Payable December 1st, 1938	60,000.00	
		$240,000.00
Dominion and Provincial Government Taxes		102,300.00
Written off Real Estate		50,000.00
Provision for contingencies		50,000.00
		$442,300.00
Balance at credit, 30th November, 1938		241,035.09
		$683,335.09

FOR THE BOARD OF DIRECTORS:

(Signed) J. R. CHOQUET,
Chief Accountant.

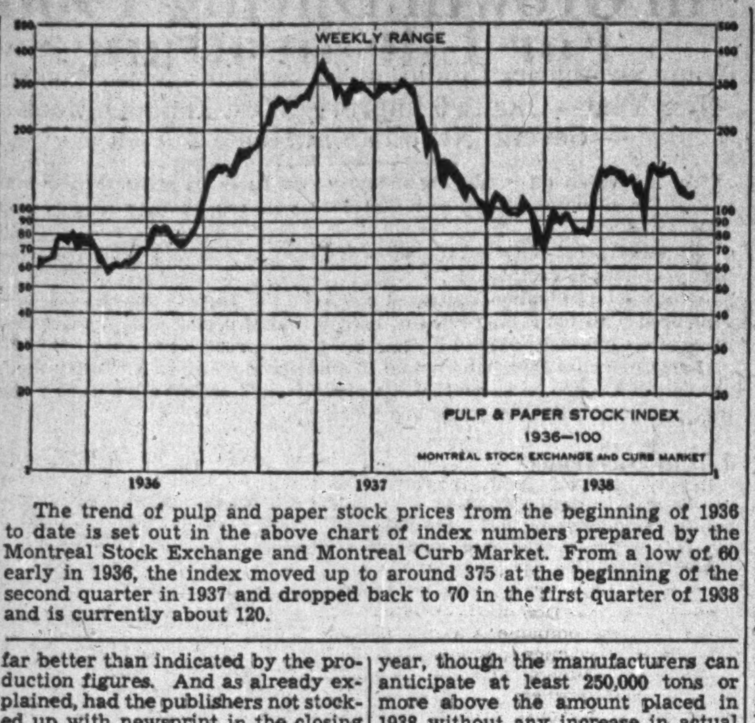
(Signed) CHS. A. ROY: President.
(Signed) J. U. BOYER: General Manager.

Pulp and Paper Industry

3 Million Tons Newsprint Output Seen for 1939

Reduction of Stocks and Improved Trend Point to Better Earnings

By JOHN LANGDON
Eastern Editor, The Financial Post



The trend of pulp and paper stock prices from the beginning of 1936 to date is set out in the above chart of index numbers prepared by the Montreal Stock Exchange and Montreal Curb Market. From a low of 60 early in 1936, the index moved up to around 375 at the beginning of the second quarter in 1937 and dropped back to 70 in the first quarter of 1938 and is currently about 120.

MONTREAL.—The extent of improved newsprint operations in Canada next year and the profits of the individual manufacturers, depend almost solely on business activity in the United States. Preliminary indications are favorable and returns next year should be better. However, the final outcome will be influenced by a number of factors, the importance of which cannot be estimated at this time.

During 1938 Canadian manufacturers had to contend with the many difficulties raised by overproduction in 1937. They were serious difficulties in that there was forced curtailment of operations which, in turn, brought about increased operating costs. Further, operators had to contend with conditions not altogether within their control which added to the troubles of the industry.

Output Needs Interpreting

Indications at the moment are that newsprint production in Canada this year will total around 2,650,000 tons, probably a fraction less. This compares with 3,647,800 tons in 1937 and 3,209,016 tons in 1936. The figure of production is disappointingly low, but it should be remembered that it does not reflect market requirements. Had not the American publishers stocked up with low cost paper in 1937, output would have been considerably higher, probably in the neighborhood of 3,000,000 tons, which would have been well above the average of recent years.

The lower estimated output naturally is reflected in shipments, which for 1938 should not be much in excess of 2,535,000 tons. The estimated distribution of this tonnage follows: United States, 1,900,000 tons; Canada, 160,000 tons; and overseas markets, 475,000 tons.

In each category the tonnage shipped is well under that of last year. The figures quoted are only estimates, but the final returns are not expected to differ materially.

They serve in giving a fairly broad picture of production and demand; demand affected by the accumulation of surplus stocks by publishers during 1937.

Forecasting Pitfalls

Leaders of the industry are somewhat chary in making forecasts as to the possible trend of production next year. This is understandable. In past years forecasts have had a habit of going astray because of unforeseen developments which have completely altered the earlier picture.

Such a condition still applies. Nevertheless it is possible to make some generalizations at this time as to the trend over the next 12 months, with the proviso that a margin of error be allowed for unforeseen developments.

In the first place the standard price of newsprint has been set at $50 a ton New York and Chicago delivery during 1939. This is the same rate as prevailed in 1938. As far as can be foreseen there is reason to believe that this schedule will be maintained during the next 12 months.

Survey of Markets

The question of tonnage is next and the most important factor in weighing the outlook.

Taking the smallest market—Canada—consumption for 1938 is estimated at around 160,000 tons. Normally the Dominion uses close to [illegible]0,000 tons. Some improvement is looked for next year, but whether the trend goes up or down it is of little consequence in the general operations of the industry. It is the demand from overseas and the United States, particularly the latter, which will determine whether or not the industry has a profitable year.

Overseas shipments have been off this year. The present estimate of 475,000 tons will not differ materially from the final figures. In 1937 Canada shipped 525,756 tons overseas and in 1936, 619,129 tons. Prospects at this time for overseas business are rather indeterminate.

Lose and Gain Markets

The returns for 1938 indicate several interesting things. In the first place the Canadian manufacturers have lost a very substantial proportion of the South American market, which, in other years, was a factor in maintaining the operating ratio. There does not appear to be particular promise of this market being regained in 1939 in view of the continued competition from Scandinavian mills.

The contract entered into with the Australian publishers not long ago assures a good volume of newsprint moving to the Australasian market. There has been some uneasiness over reports of the newsprint mill to be built in Tasmania to supply the Australian market. The capacity of this unit is reported at 50,000 tons per annum. It will not be in production for 1939. When it does come into operation, it is possible that the normal increase in demand will account for a goodly share of the new mill's output. In any event it should not seriously affect the position of the Canadian mills.

Other overseas markets are not expected to develop any startling trends for next year. Accordingly prospects at this time are that the overseas demand for Canadian newsprint will not be much greater, maybe less, and in any event, should not make for any abnormal swing.

A Perpetual Problem

Turning to the American market, many factors come up for consideration. Before surveying the likely trend of demand in 1939, it is well to emphasize one factor, namely, that the relations between the publisher and the Canadian manufacturer have not undergone any material improvement, at least outwardly, during the past year. The dog-eat-dog relations between the two groups over a period of many years has not been conducive to ready co-operation. Whether or not this attitude has undergone any change will be determined next year.

During 1937 the apparent American consumption of newsprint was 3,824,743 tons. It now appears that consumption for 1938 will not be more than 11% down from that figure, or about 3,400,000 tons. This is a relatively high figure and as apparent from figures previously quoted far better than indicated by the production figures. And as already explained, had the publishers not stocked up with newsprint in the closing months of 1937, the amount of paper manufactured in 1938 would have been appreciably greater.

Displace surplus Stocks

However, that is water over the dam. What the Canadian operators are interested in, and newsprint investors too, is how much of the deferred business — represented by the drawdown from stocks—will be recovered next year. Also how much business can be expected from the anticipated improvement in business in the United States during 1939.

The publishers drew down between 350,000 and 400,000 tons from surplus stocks in 1938. The remaining stocks on hand are still above normal. The additional tonnage required by the publishers to meet their needs in 1939 will be the 350,000 to 400,000 tons already drawn from reserves, less the amount by which the present supply exceeds the normal supply.

The "excess" supply of paper carried by the publishers is difficult to determine. It may run as high as 100,000 tons; it may be under 50,000 tons. Whatever it is it will have a bearing on the tonnage placed next year, though the manufacturers can anticipate at least 250,000 tons or more above the amount placed in 1938 without any increase in actual consumption.

Most Important Factor

A very important point to consider at this juncture is the trend of consumption of late. In the early months of the year paper requirements in the States were at a low point. Since then there has been a steady improvement; more marked in the last two months.

If the trend is continued over the next 12 months, and there is reason for believing that it will not get any worse, then the annual rate of consumption is at least 3,600,000 tons or 200,000 tons more than the indicated consumption for 1938.

To recapitulate. In replacing stocks taken by the publishers from surplus reserves, the manufacturers can expect an increase of at least 350,000 tons. On the present rate of consumption another 200,000 tons is indicated for the next 12 months. Therefore the manufacturers can look forward with reasonable confidence to around 450,000 tons of additional business from the States in the year ahead.

Not all of this paper will be purchased automatically from Canadian operators. There are a number of American and Scandinavian manufacturers who are counting on a share of the business. The southern pine newsprint mill will not be in operation next year, so that the additional tonnage will have to be placed among the three groups.

What proportion comes to Canada will depend in part upon the relations between the publishers concerned and the Canadian mills.

It might be easier to estimate what Canadian manufacturers will secure by first estimating what proportion of the tonnage may go elsewhere. The domestic mills are not capable of handling much more than 100,000 tons of additional business.

There will be an inclination on the part of some American publishers to place business with the Scandinavians in preference to Canadian mills. The amount the former can handle is limited for various reasons and probably not more than 50,000 tons would go to that source.

This means that the balance, or 300,000 tons, should come to Canada.

Consideration must also be given to another important point, the extent to which the anticipated improvement in business will result in increased advertising and in turn greater demand for newsprint paper.

Advertising linage trend in the United States in recent weeks have been more encouraging. The gross returns are still under the 1937 level, but it would not take a very pronounced upswing in business to put the linage above the 1937 level.

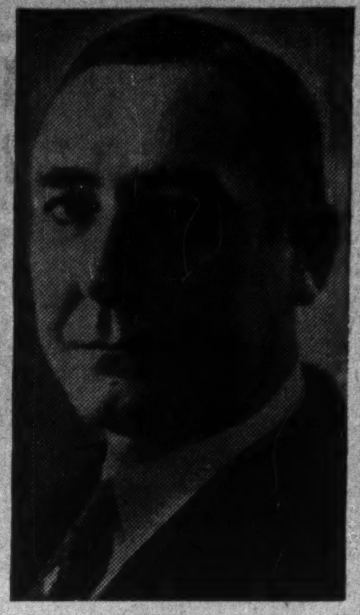
There is no need here to go into detail on the predictions made as to business in the States next year. Sufficient to say that the majority of advisory services, forecasters, etc., look for better times. Some are markedly optimistic. But even if the trend is only half as good as is expected, then advertising volume in American publications should be larger in 1939.

An increase of 5% in newsprint consumption in the States in 1939 compared with 1938 would mean an additional 170,000 tons of business.

At this time any forecast as to the possible newsprint requirements of the United States must be largely streaked with guesswork. However, on the known conditions, it is reasonable to anticipate that Canadian production next year will move up to nearly 3,000,000 tons.

Production may go a trifle higher, depending upon business conditions in the States, but on the basis of an output of 3,000,000 tons, the Canadian mills would have an operating ratio of better than 71% of capacity. For the year just ended the operating ratio was about 63%.

The fact should not be lost sight of that for next year operations will not be subjected to the wide swings which prevailed this year and ran up operating costs. Thus the improvement in earnings should be better than indicated by the possible improvement in volume of business.



GLASS DIRECTOR

L. J. Belnap, president of Consolidated Paper Corp., who has been elected a director of Dominion Glass Co., succeeding Ross H. McMaster, who has retired.

Rigid Board Sales Advance

From Our Own Correspondent

MONTREAL. — Domestic shipments of rigid insulating board in Canada during November registered a moderate increase over the same month last year.

According to returns submitted to the Dominion Bureau of Statistics by International Fibre Board Co., Building Products Ltd. and Donnacona Paper Co., shipments of all types total 4,506,584 sq. ft. This contrasts with 4,450,855 sq. ft. in November last year.

The major change occurred in panel board, shipments of which showed an increase of approximately 10%. Plaster base board shipments also advanced sharply, while roof board and insulating board were in somewhat smaller demand than a year ago.

Cumulative returns for the first 11 months of 1938 show total shipments of 45,627,854 sq. ft., or about 3.6 million feet less than in the like period of 1937. On the cumulative basis, shipments of panel board were greater than a year ago, but all other types were on a somewhat smaller scale. Comparative figures for November and the 11 months ended Sept., 1938 and 1937, follow:

November
(In square feet)

Type	1938	1937
Panel	3,365,507	3,092,947
Plasterbase	566,554	406,782
Roof	311,197	598,402
Miscel.	263,326	352,724
Total	4,506,584	4,450,855
11 Months to November		
Panel	34,490,272	34,483,226
Plasterbase	4,747,904	6,449,253
Roof	3,698,709	4,438,435
Miscel.	2,690,969	3,871,891
Total	45,627,854	49,242,805

Anglo-Norwegian Holdings Reduce Preferred Arrears

MONTREAL.—Anglo Norwegian Holdings Ltd. has declared a dividend of $3.50 a share on the preferred, payable Dec. 31, to shareholders of record Dec. 29.

This dividend is in respect of accrual for the half year ended Dec. 31, 1936, and is the same amount as that paid in June last, and also in March, thus bringing the total payments during the current year to $10.50 a share.

Abitibi Power & Paper Company, Limited
TORONTO, ONT.
Owning directly or through subsidiary companies, mills at
Beaupre, Que. Iroquois Falls, Ont.
Pine Falls, Man. Smooth Rock Falls, Ont.
Sault Ste. Marie, Ont. Fort William, Ont.
Port Arthur, Ont.
Newsprint
Groundwood Pulp News Sulphite Pulp
High Grade Bleached Sulphite Pulp

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Finland Pulp Trade Expands

October Returns Show Better Trend — Newsprint Tonnage Holds

From Our Own Correspondent

MONTREAL. — An appreciable recovery in operations by Finland pulp and paper mills is indicated in the export figures, published by the Bank of Finland.

During October, exports of sulphate cellulose were larger than in the corresponding month of 1937 and 1936. Shipments of sulphite cellulose touched a new high for the year, while newsprint exports in October were the third best of any month this year.

Groundwood Slack

Mechanical pulp shipments from Finland in October totalled 16,838 tons, or less than half of that reported for the same month last year.

Mechanical Pulp
Tons

	1936	1937	1938
January	22,891.0	20,004.2	23,228.1*
February	24,129.3	16,998.3	17,099.0*
March	23,482.4	20,041.0	17,441.0*
April	21,758.4	23,818.5	14,644.4*
May	30,359.7	23,228.1	12,583.2*
June	20,856.2	28,363.7	14,522.5*
July	22,822.9	31,323.5	14,778.7*
August	20,668.0	28,754.0	20,424.1*
September	21,261.8	20,151.4	21,920.5*
October	26,132.9	34,047.8	15,838.8*
November	18,723.2	20,484.1	
December	24,590.4	23,370.2	
Total	277,676.2	290,584.8	
Jan.-Oct.	234,362.6	246,730.5	172,480.3*

*Preliminary figures.

Sulphite in Demand

Sulphite cellulose exports in October totalled 69,027 tons. This is the largest volume reported in any month this year, and is only 5,000 tons less than for October, 1937.

Sulphite Cellulose
Tons

	1936	1937	1938
January	54,462.4	59,161.1	57,092.6*
February	48,438.7	49,108.3	57,158.6*
March	55,870.2	67,296.2	55,415.7*
April	54,628.4	73,435.3	48,558.3*
May	72,010.3	70,874.2	52,153.5*
June	57,038.3	75,963.1	51,280.3*
July	64,694.3	68,699.6	45,461.7*
August	71,758.4	72,468.0	52,642.2*
September	64,031.1	67,018.0	51,729.2*
October	72,739.8	74,049.9	69,027.3*
November	75,737.6	71,068.0	
December	66,227.7	74,504.9	
Total	757,637.2	823,646.6	
Jan.-Oct.	615,671.9	678,073.7	540,519.4*

*Preliminary.

Sulphate Records Gain

Sulphate shipments showed a strong comeback in October, the total being well ahead of the corresponding figures for 1937 or 1936. Further, the cumulative exports for the ten months were higher than in the same periods of the last two years. Comparative figures follow:

Sulphate Cellulose
Tons

	1936	1937	1938
January	28,318.5	26,236.1	37,122.6*
February	23,260.1	16,081.7	31,391.3*
March	25,532.7	32,510.7	40,779.2*
April	23,706.7	32,915.1	23,318.7*
May	28,766.2	26,700.5	28,491.1*
June	24,216.8	31,826.5	21,308.0*
July	31,275.0	31,349.2	24,618.2*
August	24,032.6	27,584.0	27,149.5*
September	21,561.3	32,675.4	22,344.4*
October	31,005.8	30,544.0	33,154.2*
November	30,308.6	33,658.8	
December	31,253.2	33,608.8	
Total	323,237.5	355,690.8	
Jan.-Oct.	261,675.7	288,423.2	289,678.2*

*Preliminary.

Newsprint exports from Finland are being well maintained, shipments in October totalling 32,487 tons. This is above the average for that month in recent years, and is the third best month reported for 1938.

Newsprint
Tons

	1936	1937	1938
January	27,817.5	31,457.6	20,690.0*
February	23,941.4	26,404.6	22,410.7*
March	28,986.7	32,467.6	32,663.7*
April	26,592.5	34,721.2	26,306.8*
May	28,766.2	26,700.5	28,402.1*
June	26,599.3	33,428.8	26,295.5*
July	27,656.5	30,858.5	29,767.9*
August	28,222.5	32,162.4	31,546.6*
September	30,707.6	33,177.8	33,990.1*
October	28,794.9	34,309.1	32,487.7*
November	32,016.4	29,284.8	
December	31,166.0	33,377.7	
Total	342,134.2	382,385.4	
Jan.-Oct.	278,951.8	319,722.9	288,349.2*

*Preliminary.

Screenings

Newsprint bonds have been on the weak side marketwise of late. The trend is largely of a technical nature; no investment buying and dealers being unwilling to carry an extended trading position.

* * *

Florida Forest and Park Service has issued a bulletin on pulpwood. An interesting statement in it is to the effect that the pulpwood now required for a year (300 working days) by the five pulp mills already established in Florida will make a pile five feet wide and four feet high, extending in a line 1,010 miles long.

* * *

Another item of interest to Canadian holders of pulp and paper securities is that since July, 1929, the amount of capital invested in Florida's pulp and paper industry totals more than $25 millions.

Dominion Glass Reduces Costs

From Our Own Correspondent

MONTREAL.—With the introduction of new machinery, Dominion Glass Co. had been able to reduce costs and achieve a greater degree of efficiency in the company's plants, Sir Charles Gordon, president, told the shareholders at the annual meeting.

Resignation of Ross H. McMaster, from the Directorate, was announced at the meeting. He has been succeeded by L. J. Belnap, president of Consolidated Paper Corp.

Sir Charles Gordon made reference to the attempts being made here, as they have been in the United States, to induce breweries to use cans in place of bottles. Sir Charles thought that it would be inadvisable to make this change in the Dominion, in view of the local nature of beer distribution. He pointed out that the economy of space in shipping and the consequent lowering of shipping costs would be the can's outstanding advantage over the bottles, and this particular feature did not apply very largely in Canada.

Suggest Pulpwood Tax On New Brunswick Exports

SAINT JOHN.—While New Brunswick lumbermen themselves are divided in opinion on the value of the extensive exports of pulpwood from this province to Germany, Fairville unemployed may force the Government of New Brunswick to take a definite stand in the matter.

Many without employment because the mill there of the Port Royal Pulp & Paper Co., Ltd., has not been operating lately, the group has asked Premier A. A. Dysart to investigate the possibility of reopening the mill under Government subsidy if necessary or, failing that, of imposing a protective tax on each cord of raw pulpwood shipped from the province.

Burry Biscuit Earnings Drop

Net Profit for Year Ended Oct. 31 Declines to $30,349

A reduction in the net profit from $121,016 in the previous year to $30,349 is reported by Burry Biscuit Corp., Elizabeth, N.J., for the year ended Oct. 31, 1938.

This is equivalent to earnings of $3.07, compared with $12.26, on the 6% preferred stock, of $50 par value, and a small fraction of a cent compared with 23 cents on the common shares.

Operations in the early periods of the fiscal year were unprofitable, according to George W. Burry.

From Nov. 1, 1937, to Jan. 22, 1938, the result was a net loss of $44,640. Recovery was effected in the latter periods to show a final profit.

Company branches direct to the retail trade, established in the past year, while laying a base for sustained distribution and large coverage, did not prove profitable in the first year, Mr. Burry states.

Due to the need for increased manufacturing space Linden plant is being moved to Elizabeth, N.J.

Income and Surplus Account
For years ended Oct. 31

	1938	1937
	$	$
Gross income	45,008	155,914
Add: Purch. discts.	12,907	15,368
Prof. on sec. sale	......	2,866
Interest	605	976
	58,520	175,124
Less: Cash discts.	19,495	24,358
Disposal of assets	2,760	......
Interest	562	603
Org. & dev. exp.	......	1,972
Miscellaneous	......	1,093
Fed. inc. tax	4,846	18,942
Undist. prof. tax	508	5,520
Net income	30,349	122,636
Less: Min. int. of subsidiary	......	1,620
Net profit	30,349	121,016
Less: Pref. divds.	29,610	29,700
Common divds.	......	100,260
Surp. for year	739	*8,944
Add: Prev. surp.	116,181	125,125
†Less: Loss on purch. commit.	8,700	......
Surplus forward	108,220	116,181

†At Oct. 29, 1938, on open contracts for the purchase of raw materials the company had a liability in excess of the market value of these materials of approximately $8,700. A reserve was created out of earned surplus for this purpose. No provision was made out of current income.

*Loss or deficit.

Working Capital

	1938	1937
Current assets	493,639	450,728
Current liabilities	159,149	141,060
Working capital	334,490	309,668

Note:—In the auditors' report it is stated: "Approximately 50% of the total inventory of packing materials and supplies of $107,469 represents slow-moving items. The president of the company advises us 'The packing supplies are of such a nature that they do not deteriorate, and it is our belief that they will be used normally in the regular course of business without loss. . . .' No provision has been made in the attached accounts for any possible loss on the packing supplies. . . ."

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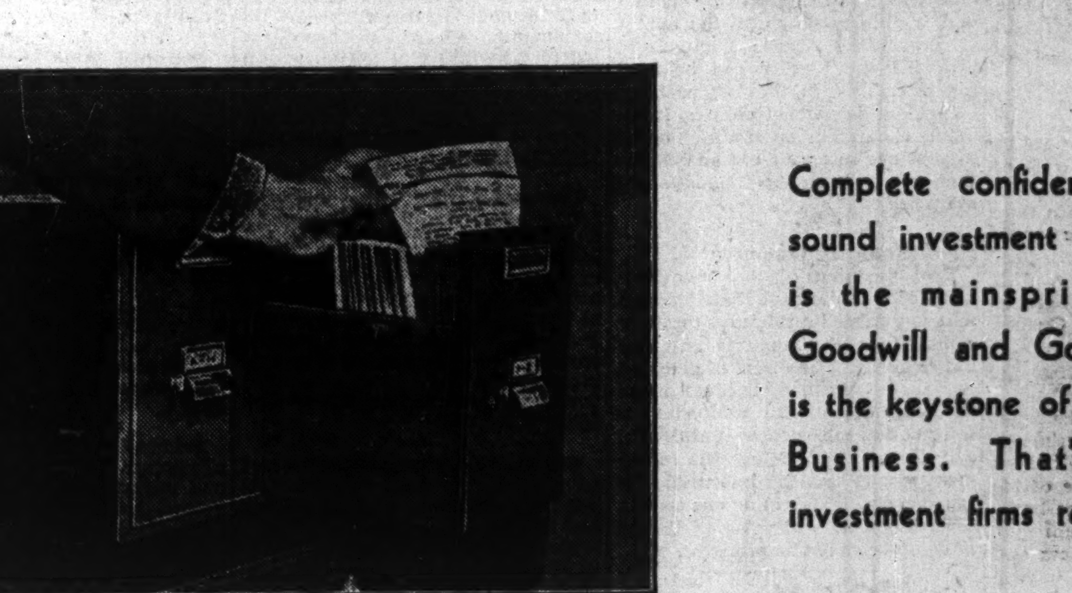

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The Week in Mining

Mines Market Entering 1939 in Fine Condition

Gold Yields High, Base Metal Prices Seen Higher Next Year—Two Year's Output Almost Equals Total Investment

The mining markets enter 1939 in an unusually good condition.

The position is relatively well consolidated. Prices of most issues are fairly well in line with the now generally accepted rule of thumb for fair market valuation, 10 times earnings.

It is not without significance that the gold stock index now stands just about where it did this time last year. Despite extraordinary low interest yields on nearly every other form of investment, the golds have been repaying richly.

Base metal issues have had more ups and downs, mainly because of sharp fluctuations in metal prices. It is generally accepted that prices for copper, lead and zinc were abnormally high during 1937, but the corrective period this year is leaving its mark on the year-end records of all base metal producers.

* * *

More in Than Out?

We recently met one of those now uncommon folks who wouldn't own a share of mine stock, say so on the slightest provocation, and who sing the old saw that more money goes into the ground than ever comes out.

With a barrage of year-end figures on our desk, we were able to point out that the present annual output of Canadian mining is approaching half the total investment in the industry. In other words, the output of 1937 and 1938 together will nearly give back the whole input. The complainer couldn't deny the evidence, and thought he might change his investment tactics.

* * *

Significant

One significant note on the copper price outlook is the announcement of Anaconda Copper Mining Co. that it would employ its men 48 hours a week for the next two years, paying overtime according to the wage and hour law if labor would extend the present wage contract. Since the men are now working 40 hours weekly, this would mean an increase in wages of about 25%. There doesn't seem to be any worry about the copper outlook there.

* * *

The Broulan Question

With holiday markets dull and board rooms given over mainly to discussion of Santa Claus, one thing we found many watching was the situation at Broulan Porcupine.

Broulan is a promising looking prospect and has been moving upward on the market. But development work to date has indicated that its northern neighbor Hallnor might profit to Broulan's loss. It seemed that the Broulan ore body was dipping north where the Hallnor people could expect to pick it up at depth.

The Broulan is putting down its shaft and is down to about 175 feet. As they get down, the indications are that the ore body does not dip north, and either dips south into the centre of the Broulan claims or else stands on its side.

As one close observer put it, "Broulan might double in price overnight if it is definitely established that the ore stays on the Broulan property."

* * *

Belated

The Quebec Department of Mines has just issued parts B and E of its 1936 annual report. Treated in these two belated sections are four studies of western Quebec areas potentially interesting to prospectors and mine operators. A fifth study related to sand and gravel resources in a group of Quebec counties.

* * *

Stock Broker

Grant Johnston, genial chairman of the Montreal Stock Exchange, addressed Montreal financial writers and briefly expounded some of his ideals and aspirations for the brokerage business and stock exchanges. "By insisting on fair practices and proper dealings," he said, "I believe that the stock exchange can be of greater value to the Canada of the future than it has been to the Canada of the past."

Of great importance, he felt, was the growing custom of limiting the use of the word "stockbroker" to members of recognized exchanges.

* * *

Sarcastic?

The Manitoba Chamber of Mines has just prepared a careful statement of where and how much sales tax applies to mining companies. It is an illuminating document, but we suspect some of its illustrations were chosen not without an eye to the more ridiculous aspects.

For instance: "Supposing a spoke is broken on a wheel. The tax will apply on the cost of making a new spoke, but not on the labor of removing the broken spoke and installing and fitting the new one."

The Chamber's memorandum points out that mine cars and similar appliances are exempt from sales tax, but that parts for their repair are not exempt. "If a complete car is built, there will be no tax, but if a part is made to replace a damaged part, the tax applies."

* * *

Better Balance

"The most gratifying feature of our mining industry during the past few years has been the growing diversification and better balance obtained between its different branches," declares British Columbia's Minister of Mines, W. J. Asseltine, in a year-end interview.

He points out that lower base metal prices have adversely affected the value of B.C.'s mineral output in 1938, but that volume of production, employment and the purchase of supplies and materials have not been reduced.

"The industry is getting into a position where it can better withstand fluctuations in world trade, particularly in base metal prices."

"There has been a greater interest shown by outside capital than for some years," the Minister pointed out. "The revival of interest in prospecting occasioned by the activity on the west coast augurs well for continued progress of the industry."

* * *

Will They Retaliate?

U. S. monetary authorities have not yet given any indication of whether they are going to take the new low priced pound sterling "lying down." Already American business is complaining that the low cost pound is in effect giving British business a second favorable trade treaty.

Because of the possibilities that U. S. might retaliate with a higher dollar price for gold, the situation is fraught with interest for Canadian mining. The Whaley-Eaton service monthly publication, Sphere, observes, "It is assumed that London wants to support the pound and is able to do so, to the extent of preventing drastic fluctuations, provided the Empire can be held together. That is the big problem of present-day world politics. It requires statesmanship of a high order to preserve in an air era an Empire that was built on the foundation of sea power."

* * *

Real Meaning Obscure

Real meaning of the announcement of International Nickel that it will not delist its stock on the New York Stock Exchange is anything but clear yet. The threat of delisting was reportedly made because of the Exchange demand for publication of information regarded as confidential and damaging. Whether the settlement means that the information is to come out or stay in no one knows. That this case will set a precedent is considered not improbable.

Oil News

Altoba-Canyon Oil No. 1 well on Clearwater structure was scheduled to be placed on Government production test last Tuesday after cement used to set three-inch pipe at 1,200 ft. had been drilled out. Tests are to be made of 90 ft. of porous Devonian limestone encountered below 1,200 ft. Cores are stated to show excellent saturation.

* * *

Anglo-Canadian No. 3 well is down 7,305 ft., 35 ft. in the lime.

* * *

British Colonial No. 1 well is getting rotary rig and will resume drilling about Jan. 1. Ten-inch casing has been set to the bottom.

* * *

Calwin Royalties has the derrick rigged for its well and is waiting for rotary rig.

* * *

Commonwealth Petroleum had a net profit of $38,167 for six months ended Nov. 30, 1938, compared with a profit of $35,324 in the immediately preceding 14 months, ending May 31, 1938, according to a letter sent out to shareholders over signature of F. F. Reeve, president. Company participates through stock ownership in three wells, Commoil No. 1 and No. 2, and Command Oils No. 1.

* * *

Commoil profit for the six months ended Nov. 30, 1938, is reported at $109,291, before allowance for income tax.

* * *

D. & D. Royalties No. 1 well is stated to have topped the limestone at a depth of around 6,800 ft.

* * *

Harris No. 2 well scheduled to be spudded in two weeks ago was delayed until Thursday by frozen water lines. Drilling is now proceeding below 150 ft.

* * *

Oil Ventures had its No. 1 well ready for spudding at last report. Contractors for the well are Newell and Chandler. Only gross royalty is 10% to Crown.

Open pit mining begins at International Nickel's world-famous Frood Mine. Here one of the fleet of 35-ton trucks and a 150-ton shovel are starting to dig in. Incidentally, there is a lot of nickel in the makings of both truck and shovel.

Concentrates from Canada's Mines

Anoki Gold Mines has cut a vein in the station at the 200-ft. level averaging 0.74 oz. gold per ton across 1.4 ft., according to reports. Shaft is down 250 ft. where another vein has been intersected.

* * *

Amm Gold Mines now hopes to have its 125-ton mill in production about middle of January, somewhat earlier than previously expected.

* * *

Broulan Porcupine's new vein after dipping into the shaft at 86 ft. and out again at 147 ft. has dipped into the shaft again at 154 ft., according to reports. The shaft is down over 175 ft. where the first level will be established.

* * *

Cournor Mining Co. production for November is reported at $30,400 from milling of 5,546 tons of ore, an average recovery of $5.48 per ton. This compares with output of $30,000 from 6,057 tons in October, an average of $4.95 per ton. Operating and development costs are reported at approximately $4 per ton.

* * *

Chesterville Larder Lake Gold Mining Co. has received payment for an additional 30,000 shares at $1.12½ per share completing Dec. 24 underwriting installment, and including 1,000 shares of stock remaining under option by amended agreement of July, 1937, with Collins and MacKinnon. Balance comprises an option on 465,600 shares at $1.12½ to be exercised within certain periods of receiving notice from company's consulting geologist additional funds are required. Issued capital is 1,637,859 shares of which 105,000 are held in trust for benefit of company.

Cariboo-Hudson Gold Mines which commenced milling on Nov. 14 produced $12,800 in its first month, according to W. B. Burnett, president. Increased production is expected the current month. The deep 600-ft. level tunnel has reached a shear zone 1,700 ft. from the portal which is believed to be the downward extension of the shear in which the main ore shoot occurs.

* * *

Carinor Porcupine Mines optioned 1,799,995 shares to W. E. Smith on Dec. 14, as follows: 300,000 shares at 7½ cents per share; 400,000 shares at 10 cents per share, and balance at 15 to 75 cents, payable $12,000 within four months; $20,000 within succeeding four months and $50,000 within the succeeding eight months, to be completed in 19 months. Company incorporated, Aug., 1936; authorized capital is three million shares with 1,200,005 issued.

* * *

Donwood-Larder Mines optioned 1,800,000 shares to J. M. Rooney on Dec. 15, as follows: 200,000 shares at 5 cents per share payable within six months; 100,000 shares at 6 cents payable within 9 months; 100,000 shares at 7 cents payable within 11 months and balance at 8 to 60 cents per share payable within 35 months. Company incorporated, Dec., 1938; authorized capital is three million shares with 1,000,005 issued.

* * *

Fernland Gold Mines has received payment for 25,000 shares at 15 cents per share from Consolidated Mining and Smelting Co. of Canada, representing part of option on 25,000 shares at 15 cents and 12,000 shares at 20 cents due Jan. 15. Issued capital is 2,100,005 shares.

* * *

Faulkenham Lake Gold Mines has received payment for 40,500 shares at 15 cents per share, part of Dec. 16 installment of 75,000 shares under agreement with Lawrence L. Hoffman dated Nov. 16. Under terms of agreement optionee has been notified by registered mail that balance of agreement must be exercised by Dec. 27, otherwise agreement terminates by default.

* * *

Fontana Gold Mines shares were removed from trading on Toronto Stock Exchange on Dec. 23 at company's request.

* * *

Falconbridge Nickel Mines is expected to show improved earnings in the last quarter of 1938. While nickel sales earlier in the year were slightly below normal, all copper was sold. Production has been stepped up about 10% to take care of future consumer requirements with demand for nickel showing betterment. Output now is between 17 and 18 million lb. of nickel annually and 9 million lb. of copper. Over 45,000 tons of ore per month are being handled compared with an average of 36,000 tons in 1937.

* * *

Kootenay Belle Gold Mines has declared regular quarterly dividend of four cents per share and a bonus of one cent per share, both payable Jan. 23, 1939, to shareholders of record Jan. 16.

* * *

Lapa Cadillac Gold Mines has received payment for Dec. 18 installment comprising an underwriting on 32,815 shares at 40 cents per share under agreement of Aug. 19, with Sudbury Contact Mines Ltd. Balance of agreement comprises underwriting on 65,625 shares at 40 cents with next installment payable by Jan. 18, and an option on 103,125 shares at 40 cents per share. Issued capital is 3,831,250 shares.

* * *

Lenore Kirkland Gold Mines optioned one million shares to F. H. M. Irwin on Dec. 19, as follows: 200,000 shares at 5 cents per share; 200,000 shares at 7½ cents per share, and balance at 10 to 25 cents payable $1,000 forthwith, $1,000 on Jan. 31, 1939 and Feb. 28, 1939, and $1,500 on Mar. 31, 1939 with balance at increasing prices to April 30, 1940. Company incorporated April, 1937 with Ontario charter; authorized capital is three million shares with 1,010,005 issued.

* * *

Minto Gold Mines, Michipicoten area, has opened up a new ore body at 5th level for 100 ft. averaging $8 across 20 ft., according to reports. The mill which is now treating 65 tons will be raised to 100 tons daily. November production was near $24,000. Management reports 100,000 tons of ore in stopes.

* * *

Minedel Mines balance sheet at Sept. 30, 1938, shows cash of $8,598, accounts receivable of $2,354 and investments carried at cost of $14,798 (market value, $14,200). Current liabilities amount to $2,336. Authorized capital is 500,000 shares of which 350,000 were outstanding at Sept. 30.

* * *

New Golden Rose Mines production for November set a new record at $58,637 from 3,337 tons of ore treated, an average recovery of $17.57 per ton. In October $51,876 was produced through milling 2,923 tons of ore, an average of $17.75 per ton. Operating profit for November is reported at $22,635, a new record.

* * *

New Manco Gold Mines optioned 200,000 shares to Crawford, Wright & Co. at 3 cents per share on Dec. 14, payable $1,500 within 30 days and $1,000 monthly thereafter. By this agreement, company also grants option on 750,000 shares at times and prices satisfactory to the directors. Company was incorporated, Nov., 1938; authorized capital is three million shares with 755,007 issued.

* * *

Pickle Crow Gold Mines will receive additional power for operations at its own property and that of Albany River following decision of Ontario Hydro Commission to build a power line as an extension of Ear Falls-Uchi power line. New line will be 113 miles long and will supply about 4,000 h.p. to Pickle Crow area.

* * *

Privateer Mine states in connection with listing its stock on Vancouver Stock Exchange that 2,241,080 shares are outstanding out of 2.5 million shares authorized. Producing since last September, company is stated to be planning inauguration of dividends early in 1939.

* * *

Pioneer has Frank Joubin in charge of a small crew working on Pat McCrory's 13 claims 20 miles from Tofino, Bedwell Sound, which it recently optioned for a price reported to be $75,000. Pioneer is reported dickering for additional properties on the west coast of Vancouver Island.

* * *

Pride of the West claims, originally crown granted some 40 years ago and worked in a small way by old-timers, has been recommended by C. C. Starr for further development. Claims are in Toquart Harbor, 50 miles north of Port Alberni. A strong, well-defined vein was encountered by Mr. Starr, who reports to the Snow White Syndicate that samples across four feet show mill values.

* * *

Paymaster Consolidated Mines mint returns for November production amounted to $116,013 from 16,745 tons of ore milled, an average recovery of $6.93 per ton. This compared with October output of $118,600 from 17,181 tons of ore, an average of $6.91 per ton.

* * *

Ronda Gold Mines is expected to tune up its new 150-ton mill in first week of January. All construction work will be completed by end of the year while electric power was turned on Dec. 20. Three-compartment shaft is to be continued from its present depth of 700 ft. to 800 ft., according to plans; stoping of ore is under way on the 200, 300, 425 and 550-ft. levels.

* * *

Silbak Premier Mines has declared a dividend of 4 cents per share payable Jan. 25, 1939, to shareholders of record Jan. 5. Similar dividends of 4 cents each were paid on July and Oct. 25, 1938.

* * *

Sladen Malartic Mines has commenced new shaft to explore section where extension of East Malartic boundary ore deposit comes into Sladen ground. Diamond drilling indicated ore in Sladen ground for length of 500 ft. Cost of new shaft is to be borne equally by East Malartic Mines and Sladen Malartic. East Malartic will use the shaft for ventilation and an escape way.

* * *

Sigma Mines net profit for November is reported at $62,844, highest in its history, comparing with $47,613 in October, best previous month.

* * *

Upper Seine Gold Mines is awaiting better roads and heavier ice on the lakes before transporting mill equipment to its property. It is expected all equipment will be installed to permit tuning-up mill early in February.

The Week in Oils

Oil Industry Leads All In Growth During 1938

Crude Producers Confident of Another New Record Next Year—Okalta 6 Improves West Flank Outlook —Several Negotiate in Home 2 Area

The Canadian oil producing industry completes its greatest year and enters the new year confident that 1939 will see another new record established.

No other great phase of Canadian industry can show a record for the past year that is comparable.

Crude oil production increased 150% in the first 11 months of 1938 compared with the same period of 1937. For that period of 1937 marketed production totalled 2,037,610 barrels; for 1938, barrels numbered 5,308,371.

Last Christmas Day, Alberta had 29 crude producing wells. Today there are 64. Out of the 35 successful completions in Turner Valley during the past year, there have been no dry holes.

17 Pay Dividends

In 1937, six oil producing companies paid out $1,326,776 in dividends. Dividends in 1938 were paid by 17 companies and the amount totalled $2,153,773.

* * *

Turner Valley oils showed their usual capacity for market action in 1938. The Toronto Stock Exchange index of 15 western oil stocks ranged from a low of 25.77 to a high of 50.85 during the year, and on Dec. 27 stood at 38.82. Marked improvement in the index was shown in December following bringing in of Home No. 2 well, the index moving up a full 10 points in a single month.

* * *

No Doubt About Crude

Okalta 6 is still something of an enigma although there is no longer doubt that there is crude oil that far west in the field and that results at Okalta so far brighten the outlook for the whole west flank of Turner Valley.

The well is so deep—10,209 feet, and the deepest in the British Empire—that handling it is extremely difficult. Whether acidization will release enough gas to make the well flow is not yet apparent. But even if not, it should be possible to operate the well commercially by swabbing, bailing, pumping or by the use of booster gas.

* * *

Negotiations

Home 2 is now drilling in an extremely hard formation in search for a lower producing horizon. Already there are indications that by spring there will be considerable activity in the Home 2 sector. Quite a number of negotiations are now under way.

* * *

Reassuring

"I have been told that in 50 years, Britain will not know where to look for oil," writes Michael Terry, F.R.G.S. in a recent issue of the Christian Science Monitor. "That may be true but the figures today are reassuring even if the British Empire had no more than the new Canadian fields." Fellows of the Royal Geographical Society don't make statements like that without knowing a lot of what they are talking about.

* * *

Uncomfortable

The oil business in the United States is in anything but a comfortable position. It has troubles within the industry, threats of government intervention without.

Recently speaking over his own radio chain, Elliott Roosevelt, son of the President, warned the oil industry to get busy and solve its own problems. He warned that "the industry has reached a forked road in its progress" and added that return of government regulation "would be a sad day for the oil industry."

* * *

Lima

The Lima conference may be far away, but undercover subjects of conversation there are potentially important for the future of the Canadian crude oil business. Delegates to the conference—as to all international conferences—have been carefully avoiding use of the world "oil," but the authoritative Oil and Gas Journal says: "There is not an economic or diplomatic observer . . . who does not recognize or feel the powerful undertone of petroleum as a power in the negotiations."

The policy of Mexico in confiscating oil lands and its compelling of investors to renounce protection of their governments is what everyone has in mind. South American nations still need American capital and technical skill to develop their oil resources, but how long will that continue? Petroleum is in good demand, and brings cash. Hence it is highly desired by South American governments for their trade with the rest of the world.

Says the Journal: "International oil companies . . . consider the action of Mexico as perhaps typical of the treatment which may be expected from other South American countries as soon as development has reached an adequate stage."

That situation is pregnant with meaning for Canadian crude producers. If the world oil companies fail to get their way in the south, their interest in the north will naturally be increased.

Ontario's Gold Output Higher

Total Production 12.1% Higher During First 11 Months

Producing $90 millions in the first 11 months of 1938, Ontario gold mines showed an increase in output amounting to 12.1% over the like period of 1937, according to a bulletin released by the Ontario Department of Mines.

Up to the end of November, 8.7 million tons of gold ore had been milled in Ontario during 1938 against 7.6 million for the similar period of last year, an average recovery of $10.35 per ton this year compared with $10.45 last year.

Porcupine Belt:		
Jan. to June	$19,163,261	$21,105,523
July	3,340,497	4,174,770
August	3,335,350	3,933,146
September	3,242,081	3,688,990
October	3,380,458	3,766,435
November	3,267,447	3,700,887
Total	$35,729,094	$40,369,751
Kirkland Lake-Larder Lake Belt:		
Jan. to June	$17,576,161	$17,692,307
July	3,002,529	3,124,614
August	2,839,789	3,244,150
September	2,755,517	3,066,041
October	2,829,218	3,076,541
November	2,940,972	2,919,737
Total	$31,044,186	$33,123,390
Matachewan-Sudbury-Timagami:		
Jan. to June	$ 998,134	$1,294,529
July	195,893	227,394
August	219,679	253,996
September	189,484	250,362
October	208,671	250,228
November	220,799	258,741
Total	$2,032,660	$2,535,250
Northwestern Ontario:*		
Jan. to June	$5,316,909	$6,998,652
July	991,475	1,368,099
August	1,005,429	1,398,089
September	995,405	1,407,470
October	980,540	1,399,251
November	1,027,765	1,404,964
Total	$10,317,523	$13,976,525

* Including Algoma, Thunder Bay, Patricia, Kenora and Rainy River districts.

Total for Ontario:		
Jan. to June	$43,054,465	$47,091,011
July	7,530,394	8,894,877
August	7,400,247	8,829,381
September	7,182,487	8,412,863
October	7,398,887	8,492,455
November	7,456,983	8,284,329
Total	$80,023,463	$90,004,916

Mining Dividends

	Rate	Dec. 26	%
Anglo-Huronian	10c	3.15	3.1
Beattie Gold	15c	1.30	11.5
Bralorne	80c+10c	11.37	*7.9
Buffalo Ankerite	$1	15.50	6.4
Bulolo Gold	$3	25.75	11.6
Can. Malartic	9c	.92	9.8
Cariboo Gold	10c+6c	2.39	*6.7
Central Patricia	16c+2c	2.43	*7.4
Coniagas	25c	1.75	..
Coniaurum	15c	1.49	..
Cons. Smelters	$1+$1.50	60.00	*4.2
Dome Mines	$2	33.00	6.1
Falconbridge	30c	5.45	5.5
Goldale	†2c	.25	..
Gunnar Gold	6c	.60	10
Hedley Mascot	12c+4c	1.30	*12.3
Hollinger	65c+45c	15.00	*7.3
Howey Gold	4c	.30	..
Hudson Bay	$1.50	34.00	4.4
Inter. Mining	50c	8.75	5.7
Int. Nickel com.	$2	55.25	3.6
Island Mountain	10c	1.31	7.6
Jack Waite	†1½c	.29½	..
Kerr Lake	5c	.50	..
Kirkland Lake	8c+2c	1.27	*7.9
Kootenay Belle	16c+2c	1.55	*11.6
Laguna	†5c	.07	..
Lake Shore	$4	48.25	8.3
Lamaque Gold	10c	6.90	..
Lava Cap M.	11c	.80	13.7
Leitch	†2c	.78	..
Little Long Lac	30c	2.83	10.6
Macassa	20c+5c	5.35	*4.7
McGillvray Creek	3c	.18	..
McKenzie Red Lake	12c	1.20	10.0
Moneta	†3c	1.27	2.4
McIntyre Porc.	$2	52.75	3.8
Noranda	$4	79.87	5.0
Nipissing	15c	1.69	..
North Empire	80c	8.55	9.3
Oro Plata	†4c	.41	9.8
Pamour Porc.	‡12c	4.50	2.6
Paymaster	1c	51.75	..
Perron Gold	16c+1c	1.55	*11
Pioneer, B.C.	40c	2.55	15.7
Pickle Crow	40c	5.05	7.9
Placer Develop.	$1.20	13.00	9.2
Premier	12c	2.20	5.4
Quebec Gold	†2c	.80	..
Reno	6c	.23	..
San Antonio	14c	1.25	11.2
Sheep Creek	12c+2c	.97	*14.4
Silbak Prem.	8c	1.78	4.5
Siscoe	19c+1c	1.28	*15.6
Sudbury Basin	10c	2.80	3.6
Sullivan Cons.	3c	.89	3.6
Sylvanite Gold	20c+5c	3.40	*7.3
Teck-Hughes	40c+5c	4.65	*9.7
Toburn	8c+6c	2.10	*6.6
Ventures	37½c	5.30	7
Wright-Harg.	40c+30c	8.20	*8.5

*Yield includes bonus. †Initial. ‡Interim.

Imperial Oil Enlarges Plant

A building programme which will "substantially increase" the capacity of the Regina refinery is being started by Imperial Oil Ltd. Officials of the company say that the exact amount of the increase is not yet certain but intimate that it will be large.

A contract has been let to Foster Wheeler, Ltd., Montreal, for construction of a bauxite oil treatment plant at the Regina refinery. This will cost approximately $300,000.

The bauxite oil treatment plant is intended to remove the sulphur from the crude oil from Turner Valley which is now being processed in the refinery. Turner Valley oil is relatively high in sulphur content, requiring a little different treatment from the oil formerly processed in Regina.

It is stated that the new plant will employ a modern process and adapt the refinery to the type of crude oil now being processed. The new process will generally improve the quality of the refined product, particularly in raising the octane rating of the gasoline.

Work is to be started shortly by Imperial Oil's own construction department on a $125,000 addition to the cracking plant at Regina.

Present capacity of the Regina refinery is listed in the 1937 directory of operating petroleum refineries in Canada as 7,000 barrels per 24 hours. It is a skimming and cracking plant similar to other large refining units of the company. The cracking plant is reported as having a daily capacity of 3,900 barrels.

Lebel Oro Drill Results Not Greatly Encouraging

According to report issued to shareholders by C. K. Fletcher, president of Lebel Oro Mines, diamond drilling now proceeding on a claim at the company's Long Lake mine, near Sudbury, has not so far been productive of great encouragement. Drilling is continuing, however, as it is felt the work has not been conclusive, and it is intended to give the area a thorough checking. Production from April, 1937, to December 1, 1938, has been $175,000. Present output is running about $20,000 monthly, with a profit of around $7,000. At December 1, the report shows, the company had cash of $38,112.

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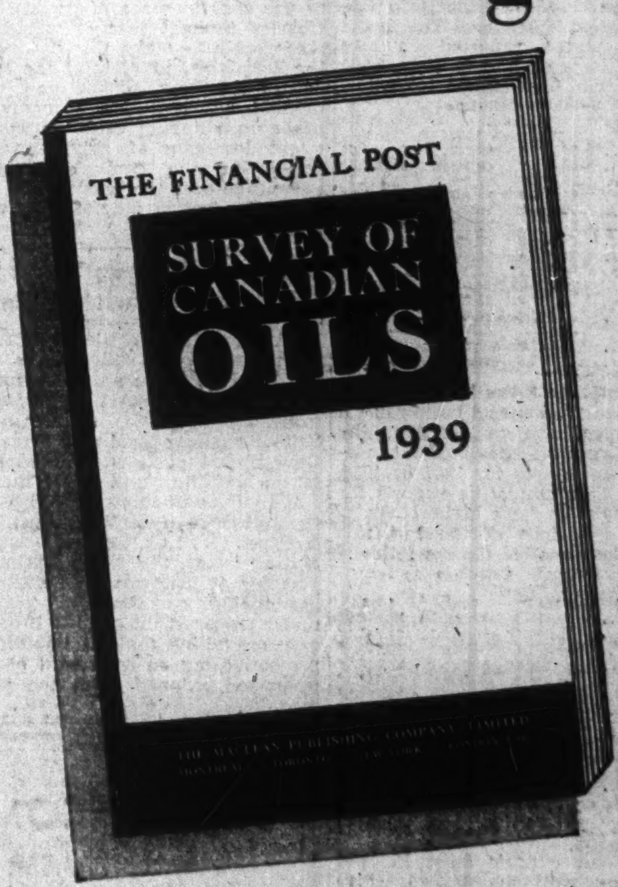

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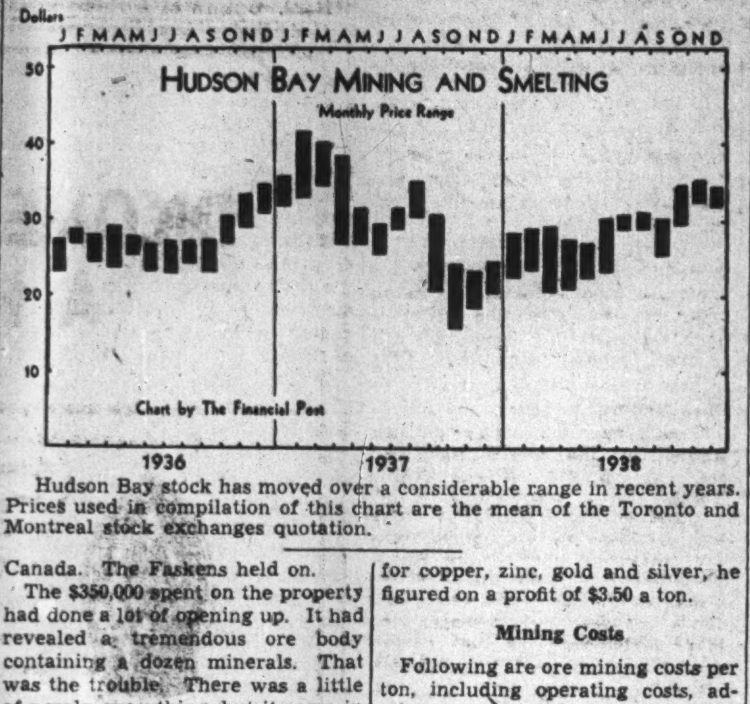
Market Leaders — No. 10

Hudson Bay Smelters—a Young Giant

By **RONALD A. McEACHERN**
Staff Writer, The Financial Post

Canada's Sub-arctic Industry Popular in Trust Portfolios



Hudson Bay stock has moved over a considerable range in recent years. Prices used in compilation of this chart are the mean of the Toronto and Montreal stock exchanges quotation.

A famous father decided his polo-playing son needed something to cut his business teeth on.

That decision has given Canada one of its greatest mining and smelting enterprises and its farthest north big industry.

The father is Harry Payne Whitney. The son is Cornelius Vanderbilt Whitney. The enterprise is Hudson Bay Mining and Smelting Co. Ltd. The location is Flin Flon, 450 miles northwest of Winnipeg on the Manitoba-Saskatchewan boundary and only 800 miles south of the Arctic circle.

As a zinc producer, Hudson Bay is second in Canada, with Smelters first.

It is third in copper, following International Nickel and Noranda.

It is third in silver, after Smelters and International Nickel.

It is seventh in gold output.

Youngest of Great Mines

Only producing for nine years, it is the youngest of Canada's great industrial mines.

Though more than $250 millions of American capital is invested in Canadian mines, Hudson Bay is the only major operation in which American capital has come in at the start carried the job through to completion and retained a major interest.

Not only because it is U. S. controlled is Hudson Bay such a popular stock in the portfolios of American investment trusts and with private investors.

It was a $27,500,000 outlay for Harry Payne Whitney and his friends. That sum — the largest ever dropped in any single mine prospect in history—was put up before a nickel came back.

But to the end of 1938—nine years of production—Hudson Bay has paid back over $12 millions. And its ore reserves now are indicated double in quantity and higher in grade than they were when operations began. At latest report, present known reserves will last for 15 years at current rate of milling.

As with every story of man's achievement, the story of Hudson Bay blends romance and business acumen.

The silent, leather-cheeked veteran of the northland, Tom Creighton, was spending the winter of 1914 at Phantom Lake, three miles south of the present Flin Flon.

Touring his trap lines he came upon the outcrops that have made Canadian mining history, that have led to the building of Manitoba's fourth largest centre of population.

Jack Hammell Interested

The next summer Creighton and Mosher revealed their find to Jack Hammell, now the tycoon, then the prize fighter turned prospector. Hammell, in turn, took the proposition to his grubstakers, Alec and Dave Fasken.

For six years Hammell worked to raise capital for the venture. Two successive New York houses backed out. Another spent $350,000 and quit.

There were three reasons: war years, very low grade ore, and remoteness of the property.

In 1921 Hammell and Creighton sold out to Mining Corporation of Canada. The Faskens held on.

The $350,000 spent on the property had done a lot of opening up. It had revealed a tremendous ore body containing a dozen minerals. That was the trouble. There was a little of nearly everything, but it came in little bits.

"We have some 18,500,000 tons of ore in sight, but I don't know what to do with it."

That sentence in a letter from a Mining Corporation engineer to a U. S. friend eventually found its way to the engineer in charge of all the vast Whitney mine enterprises. That engineer is now president of Hudson Bay, R. H. Channing.

Father Whitney at this stage was thinking of his son's future. As part of his mining empire, he owned a research company which worked in collaboration with the Colorado School of Mines called Complex Ore Recoveries. Whitney engineers visited Flin Flon, confirmed results of earlier work and found a nearby torrential river, ideal for large supplies of low cost electric power.

The son had once worked as a sampler on the Comstock. This was to be his problem, so he was shipped off to Toronto to line up a deal with Mining Corporation and the Faskens. He did.

The show was on. The millions began to pour in.

Problem Solved

The scientists at Complex Ore Recoveries slaved month after month. One break they did enjoy. Their problem coincided with the solution of a fundamental metallurgical problem—differential flotation and improved grinding technique.

A pilot mill at the property revealed new metallurgical problems. Only weeks before the option was due to expire was that problem solved.

But Channing, who had worked up from Princeton University, to Walter Camp's first All-American football team, to mine mucker, to general manager, and who had worked on the Mesabi and Comstock Lode and Peru, sensed he had a mine. He was betting on more ore below 900 feet, on custom smelting for other strikes which he believed would be opened up in the vicinity.

Channing got both. Below 900 indicated ore reserves doubled. Nearby Sherritt Gordon developed, and ever since has paid Hudson Bay $6 a ton for treating its 160 tons of concentrates daily.

Would Whitney go for more millions for a giant smelter in the wilderness? Sure. He offered 35% to Newmont Mining Corp. This was a mine development company founded by that early and disappointed option holder who had put up the $350,000, then withdrew. His name is William Boyce Thompson, a gigantic figure in the base metal world, with his substantial interests in Kennecott, Phelps Dodge, Magma-Copper, Rhodesian, Anglo American and Atlas enterprises.

Mining Corporation had 15%, the Whitney's the rest.

Government Help

Canadian Governments helped. Manitoba and Saskatchewan cleared the company of all future liability for smelter-smoke damage over a 40 mile radius. Manitoba guaranteed a $3 millions bond issue to build a railway 87 miles from Le Pas to Flin Flon. The Dominion and Manitoba Governments forfeited all royalties up to 1947. Saskatchewan refused and collects up to five cents per ton of ore.

Official Canada was delighted at the prospect of getting a vast industrial enterprise going in northern wastes. American finance was, it appears, highly gratified at the assistance and encouragement given.

October, 1930, the 3,000-ton smelter first belched smoke and already harnessed waters of Island Falls put 63,000 horsepower behind whirling wheels and through hundreds of electrolytic tanks.

Here are Hudson Bay's net profits since it got into operation:

1931	$ 301,947*
1932	298,955*
1933	780,524
1934	1,549,612
1935	3,215,187
1936	3,692,075
1937	7,490,653

*Loss.

For 1938, net profits can be expected to be lower. Base metal prices during most of the year have been substantially lower than 1937, when they were abnormally high.

Another reason why profits will likely be lower is mining costs.

President Channing figured his costs very closely. Basing his calculations on the 50-year average prices for copper, zinc, gold and silver, he figured on a profit of $3.50 a ton.

Mining Costs

Following are ore mining costs per ton, including operating costs, administration depreciation, reserve for taxes and prior to 1936 bond interest:

	$ per ton
1931	$4.67
1932	3.44
1933	3.53
1934	4.07
1935	3.70
1936	3.94
1937	4.91

In the early stages Hudson Bay gave ore cheaply. Starting from surface. The ore was glory-holed and trammed to the mills. Today west of the plant is the tremendous gash in the earth more than half a mile long, as deep as a 20-story skyscraper and 450 feet wide. From that pit have come almost five and a half million tons of ore. Two giant shovels are still chewing at the bottom.

But 80% of the tonnage now going through the mill comes from the underground mine. And underground mining is naturally more expensive but there has been some compensation in higher grade.

A month ago the company announced a $2.5 million development programme. A new main working shaft is to be sunk to an ultimate depth of 4,500 feet. Completion of this shaft to a depth where it can assume the main load of handling ore will about coincide with the termination of open-pit operations.

Why is Hudson Bay stock so popular with investment trusts, especially in the United States?

Management

Look at the management. Cornelius Vanderbilt Whitney is chairman of the board. R. H. Channing, the football star, mine mucker and superintendent, and virtually the Hudson Bay mine-maker, is president. On the board are two Canadian financiers, J. H. C. Waite and Britton Osler.

The eight year record of the mine management is in itself convincing that a conscientious, enlightened and thorough job is being done.

Ore reserves indicated at latest report were 27.5 million tons, enough for 15 years at present milling rate.

The company has built up a $6 millions balance.

For treating Sheritt-Gordon concentrates, Hudson Bay last year took in over $250,000. Hudson Bay also sells power to Sherritt at $35 per h.p. The smelting contract comes up for renewal in 1939. Hudson Bay has a magnificent hydro-electric power system 58 miles northwest, operated by its subsidiary, Churchill River Power Co. Ltd. Now generating some 63,500 h.p., the plant is to be enlarged during 1939, adding another 20,000 h.p.

Another subsidiary is Hudson Bay Exploration and Development Co. Ltd., incorporated in March, 1937, to search for, acquire and develop new mining properties. No report of its activities has yet been made.

The company has a small capitalization—2,757,973 shares. An issue of debentures in 1935 has been completely retired.

As with most properties producing a variety of base metals, earnings are more stable than where only one base metal is produced. For instance, Hudson Bay last year took in over $4.6 millions on its stable priced gold production. Silver has been around 45 cents for the past three years and in 1937 production of this metal brought in around $730,000.

Copper and Zinc

But it is on copper and zinc that Hudson Bay depends for its big income. And copper and zinc prices, of course, fluctuate. A one cent change in the price of copper, on the basis of 1937 operations, means $576,885 in or out of the company coffers. A one cent change in the price of zinc on a similar basis means $689,722 in or out.

Hence Hudson Bay stock offers the investor both a high degree of basic stability plus fairly constant trading opportunities.

It also has a high degree of liquidity, being listed and regularly traded on New York, Toronto and Montreal stock exchanges.

What is the outlook for 1939? With nearly all observers seeing a substantial business rise for the new year, it is widely predicted that base metal prices will be considerably better.

Should business recover a broad measure of confidence, a sharp rise in the copper price could be expected. There is rural electrification in the United States, extension of power plants, home construction and equipment, replacement of obsolescent machines throughout industry. All these developments are long overdue. Meanwhile, base metal producers have vast and increasing armament programmes to bolster demand. The U. S. tariff on zinc was reduced in the recent trade agreement, probably improving Hudson Bay's market.

Minewise, Hudson Bay looks as good as ever from information available. Mining costs should be lower over the coming year.

Briefly, from the picture today, 1939 looks good for Hudson Bay.

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Mining Enquiries

God's Lake

Please give me information on results at God's Lake Gold Mines.

God's Lake Gold Mines had an operating profit of $237,430 for nine months ended September 30, 1938, compared with $82,270 for the similar period of 1937. Net profit for this year should, consequently, be considerably larger than that for 1937, when earnings of 0.9c. per share were shown. Until a further increase in earnings can be shown, however, it appears unlikely that the payment of dividends will be commenced.

Working capital is being built up and should be around $300,000 at the end of 1938 compared with $167,898 at the end of 1937. Development continues to open up a certain amount of ore but indications are that the large tonnage of ore opened up west of the Sucker Creek fault on the [illegible] level will not be duplicated on lower levels. Ore reserves, however, remain substantial and were equal to approximately 2½ years' milling requirements at the end of 1937. The company has a large property and there is always the possibility that some new discovery will change the company's position for the better.

Central Patricia

How is Central Patricia Gold Mines doing? Are their earnings standing up?

Central Patricia Gold Mines reported earnings of 21 cents per share for the year ended December 31, 1937. Earnings in 1938 have been at a higher level than in 1937, with profit for the first nine months of the year equal to 15 cents per share, compared with 13 cents per share for the corresponding period of last year. The company has been generous in the distribution of dividends, a total of 18 cents per share having been paid this year, while a further dividend of four cents, plus an extra two cents, will be paid on January 3, 1939. Ore developments in 1938 have apparently been favorable. Preparations are being made to sink the main shaft for the opening up of an additional four levels. Crosscutting to the ore zone should be under way early in the new year.

Chromium

Do you think Chromium Mining & Smelting Corporation will establish itself as a profitable operation? What is the company doing?

Chromium Mining & Smelting Corp. controls the Udy process for the treatment of chrome and similar ores. Officials state the process allows treatment of low-grade ores not heretofore considered commercial. The company is constructing a smelter in Sault Ste. Marie at a cost of $400,000. Earnings with this plant are expected to run $250,000 per annum before interest and taxes, but after depreciation. Certain phases of the operation make it impossible to calculate accurately what output will be and earnings may run as high as $400,000 per year, it is estimated.

Financing for the company's present programme was carried out through the issue of $1,250,000 of 5% 10-year redeemable mortgage bonds and 500,000 shares of stock on the basis of $100 of bonds and 40 shares of stock for $100. Although the company's Collins property was closed down after exploration failed to disclose any important ore body, officials state there are many properties which could be profitably operated by the company and it is hoped such deposits will be acquired before the next annual meeting.

Little Long Lac

What is the current mine position of Little Long Lac Gold Mines?

Little Long Lac Gold Mines is milling approximately 275 tons of ore daily at its property in the Little Long Lac area of Ontario. The company recently completed deepening of the shaft to 1,650 feet and new levels have been established at 1,450- and 1,600-feet depths. An enlarged exploration programme is planned following installation of a new hoist which is capable of handling up to 500 tons daily to a depth of 3,500 feet.

The first step in the new programme will be the opening up of the main ore body on the 1,450- and 1,600-ft. levels. Development carried out to date indicates the downward extension of the main vein with good lengths and values. In the annual report for the year ended Dec. 31, 1937, it was stated diamond drilling would be carried out in favorable ground north and west of the present workings. Further underground work in the body just north of the main vein, in which some moderate-grade material had been exposed, was also planned. Ore reserves at Jan. 1, 1938, amounted to 387,270 tons averaging 0.515 ounces gold per ton. This was equal to over three years milling requirements at the current rate.

Deferred development was completely written off early in 1938 and the charge of $1 per ton is no longer necessary. This should result in lowered per ton costs.

Preston Surveys High Grade Area

May Produce as Much Gold as Main Ore Body, President Says

Diamond drilling at Preston East Dome Mines has indicated a quite important ore zone in the hanging wall side of the porphyry in which many ore lenses have been located, some of these quite high grade, states President Ward Wright in a report going forward to shareholders.

The president states that while it is too early to estimate importance of the new ore area as little lateral work has been carried out, it would appear as if this zone may produce as many ounces of gold on the average per 100 ft. vertical as the main footwall zone in which the greater part of development has been carried out. Many new points for attack remain after the mill has been brought into operation.

Opening up of the 503 ore body at 5th level is stated to show a length of 267 ft. averaging $140.35 across 5 ft., from face and muck samples. Ninety feet south of this another ore body has been drifted on 100 ft. averaging $10.88 over drift width.

When the mill goes into production early in 1939, the mine will be ready to deliver 300 tons of ore daily, the initial mill capacity, as a minimum.

Directors have decided to change the fiscal year to April 30 from Dec. 31, and plan to issue an annual report with a balance sheet as at April 30, 1939.

Royalite has its No. 36 well down 6,193 ft. with lime expected at 7,500 ft. No. 37 well is below 5,806 ft., with Madison expected at around 7,300 ft.

Lower Base Metal Prices Hit B. C. Mineral Output For 1938

Estimated value of British Columbia mine production for 1938 is $64,250,000, according to the B.C. Department of Mines. This shows a decrease of approximately $10 millions from the all-time record of $74,475,902 established in 1937.

The decrease is due almost entirely to lower metal prices for lead and zinc. Average base metal prices for 1937 were abnormally high, and it was not anticipated that such averages could be attained during 1938.

It was hoped, however, that the average price for lead and zinc would be somewhat better than has been actually attained. The estimated gross difference in the value of lead and zinc is close to $18 millions. This has been offset to some extent by increased lode-gold production which may show a greater increase than is estimated.

Dividends Lower

Dividends for the year are estimated to be $12,286,598, or a little less than $3 millions below the 1937 record.

Employment and the purchase of supplies will compare favorably with 1937 as volume production is at about the same level.

At present it appears that production in 1939 will be about the same as in 1938. There will be some difference in the figures for volume and value. Gold may again show an increase, whereas lead and zinc may show a volume decrease, but the value should be about the same. This anticipates a slightly better average price for lead and zinc throughout the coming year.

Average metal prices for the past two years, 1938 estimated, are as follows:

	1937	1938 (Esti.)
Gold	$34.99	$35.17
Silver	44.881c	43.448c
Copper	13.078c	9.946c
Lead	5.110c	3.387c
Zinc	4.902c	3.113c

Estimate 1938 Output

The following table shows actual production for 1937 and the estimated production for 1938.

Kind:	Quantity 1937	Quantity 1938	Value 1937	Value 1938
Gold, lode, oz.	460,781	550,000	$16,122,727	$19,343,500
Gold, placer, oz.	54,153	50,000	1,558,245	1,276,214
Silver, oz.	11,308,685	11,300,000	5,075,451	4,909,624
Copper, lb.	46,057,584	62,000,000	6,023,411	6,166,520
Lead, lb.	419,118,371	410,000,000	21,416,949	13,886,700
Zinc, lb.	291,192,278	288,000,000	14,274,245	8,965,440
			$64,471,028	$54,547,998
Coal (long tons)	1,444,687	1,270,000	6,139,920	5,397,500
Structural	......	......	2,098,337	2,500,000
Miscellaneous	......	......	1,766,617	1,800,000
			$74,475,902	$64,245,498

Petroleum Structures No. 1 well, in which Anglo-Canadian Oil Co. is interested, has spudded in its No. 1 well on the Twin Dome Structure and was drilling below 1,016 ft. at the end of last week. The No. 1 well on the Steveville structure is also being spudded in.

DeSantis to Mill 150 Tons Daily

Cyanide Unit to Commence Operation During Next May

Negotiations for a 150-ton cyanide mill have been successfully completed by DeSantis Porcupine Gold Mines and mill construction will start next week under direction of Carl Beck, mine manager. Officials anticipate construction will be completed during May.

Contract for the mill was drawn up with General Engineering Co. (Canada) at a cost of 125,000 shares and $128,000 to be lent on terms such as to make it virtually repayable out of production. The company believes that it is perhaps the first company to reach production financed only by private groups without recourse to public offering or to other mining companies for financial aid. Funds have been provided by New York, Philadelphia and Timmins interests.

Ore reserves at the company's Ogden property, where the mill will be erected, are conservatively estimated at 40,000 tons averaging about $9 per ton, it is reported. The property is developed by two shafts, No. 1 down 200 ft., and the No. 2, a three-compartment shaft which has been sunk 575 ft. with levels established at 200, 325, 450 and 575 ft.

Authorized capital of the company is three million shares of which 2,750,000 shares are stated to be issued.

Battery Gold has terminated its agreement of Aug. 2 with Robert Malcolm covering 400,000 shares at 15 to 23 cents per share. No stock was taken down.

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R.C.A.F. Photo

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CHARTERED ACCOUNTANTS

THE NATURAL BUSINESS YEAR

What is meant by the *Natural Business Year?* What bearing has the term upon the operations and administration of an industrial firm or corporation?

The natural business year is a period which is becoming more widely recognized as a basis of accounting. By its adoption for this purpose, companies in various industries end their fiscal years at dates coincident with the close of their respective cycles of operations. It is a logical period which will reflect the results of one complete cycle of business activity, and its use is advocated in the interests of economy and efficiency.

When a business chooses a period other than the natural business year as its accounting period, it is actually cutting off the closing period of one annual cycle and joining it to the opening period of the succeeding one. An artificial and unnatural combination of business data is created from which to draw comparisons and also to determine policies for future activities.

What are some of the advantages to be derived from the adoption of the natural business year as the fiscal year? A company can conduct its annual stocktaking, close its accounts, prepare its financial statements, obtain its annual audit, analyze its past operations and formulate its plans for the future at that time of year when its activities are at their lowest ebb. The financial statements will reflect the results of a complete cycle of operations. The management can determine its administrative policies on a sounder basis, and the auditors can render more effectively the service of constructive counsel.

Chartered accountants have long recognized the value of the natural business year as an aid to greater business efficiency. They have encouraged its adoption and are prepared to cooperate in any way possible in facilitating its general use.

One of a series of brief discussions of the work of the professional accountant.

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Canadian Business Looks for Improvement in 1939

(Continued from page 11)

Jas. S. Duncan

Vice-president & General Manager Massey-Harris Co. Ltd.

Wholly dependent as it is upon agricultural conditions, the farm implement industry in Canada is apparently justified in looking forward to 1939 with confidence.

We have reasonably favorable fall moisture conditions in the West, sufficient rust-resisting wheat available for all who need it, a recent report from the authorities to the effect that they have the grasshopper menace well under control for 1939, and as a result of last year's crops, a better distributed farm income throughout the West.

Against this, we have the low price of farm products generally and of cereals in particular—a serious problem indeed, but not an entirely hopeless one. A price improvement is looked for in cattle and coarse grain as general progress is made toward economic recovery. Less favorable wheat crop prospects in certain exporting countries, together with the steps which are being taken to improve our markets abroad and to regulate the conditions under which wheat-exporting countries will merchandise their product, hold out some hopes for improvement in wheat prices.

These factors, together with the general recognition on behalf of the farmers that modern machinery cuts the cost of production, and the recent price declines affecting farm implements, apparently justify the feeling that 1939 holds favorable prospects for the agricultural implement industry.

• • •

L. F. Winchell

Vice-president & General Manager Hinde & Dauch Paper Co.

I am of the definite opinion that the demand for paperboard and fabricated paperboard products will be as heavy in 1939 as it was for any past year. In fact, I feel that one would not be overindulging in optimism to predict that a new peak in the demand for these products will have been established by year end.

Therefore, as these products are consumed, to a very major extent, in connection with the merchandising of the everyday necessities of life, my prognostication might be considered as reflecting on a good percentage of Canadian industry generally. Here's believing I'm right.

• • •

G. B. Van Blaricom

Editor, Canada Lumberman

Owing to the menacing situation in Europe, the industrial recession in the United States, the uncertainty of the terms of the Anglo-American trade treaty, and a decline in home building activities during the first few months, the lumber business in 1938 did not come up to expectations. The year closed with a somewhat disappointing record of sales, consumption and prices, but with prospects improving. In both hardwoods and softwoods, stocks are about the same as they were at the corresponding period last year, with perhaps a small surplus of spruce, birch and maple.

Bush operations in eastern Canada will be about 50 to 60% of what they were last year. Due to declining demand, both foreign and domestic, most sawmills closed down in 1938 a month or six weeks earlier than usual. The result is that several large companies have a considerable reserve of logs to be cut next season.

Prices are showing some evidence of advancing, and among the encouraging factors for 1939 are the abolition of the sales tax on building materials, the revision and enlargement of the National Housing Act facilities, the removal of the stamping requirement upon all Canadian lumber entering the United States, and the advantages of the Anglo-American trade treaty, as well as a slightly improved overseas demand.

There is also a growing interest in trade promotion work, and various lumber bodies are manifesting a healthy concern for co-operative effort, and in opposing any and all unjust restrictions in civic by-laws against frame construction.

• • •

Herb C. Braund

Managing Editor, Technical, Automotive Div., MacLean Publishing Co.

Looking over the shoulders of budgeteers, now busy charting the probable course of their businesses for 1939, one finds a very mixed outlook for the metal-working industry in Canada, mostly on the optimistic side. Estimates range from the very conservative to the ultra-hopeful.

Familiarity with war scares is breeding contempt, or rather a fatalistic "when it comes, we'll act accordingly. In the meantime, let's get on with our business." The metal-working industry would, of course, profit from war, and will profit in 1939 from the fear of war.

If the agricultural, automotive and other major industries of Canada equal 1938, and approach 1937 figures (barring cataclysms), those who depend on the metal-working industry will have seen their present budgeting proved.

• • •

W. H. Funston

President, Firestone Tire & Rubber Co. of Canada.

One year ago I stated that, barring any international catastrophe, we could view the new year with cautious optimism. That statemet I think holds for 1939 as well.

Considering the many uncertainties which have beset us during the past year, to say nothing of the violent shocks received from the international situation, I think business has progressed remarkably well and, on the average, has held its own.

The Anglo-Canadian American trade agreement will be, I believe, one of the most stabilizing influences in the international situation, binding in closer commercial co-operation three of the largest English-speaking nations of the world. We probably will not feel the full benefits of the agreements until the second quarter of 1939, when I am hoping to see a decided upturn in business conditions.

I am pleased to note a decided betterment in Canadian unity during the past year. This is as it should be, and in view of the complicated international situation, it is extremely important that we solve and submerge any internal dissention and show a united front to the world. It is true we have several grave internal problems to solve and we have not progressed as much in business as we would have liked, but we should be thankful for what we have and make the best of it.

• • •

H. A. Nicholson

Editor, Canadian Printer and Publisher.

Despite a reduction in duty on some items in the advertising and printed matter schedule, the printing volume in Canada for 1939 should be greater than for any year since 1929, when it reached its peak with a gross value of $141 millions. During the lowest point in the depression, in 1933, it was at $9 millions.

Printing trends follow closely in the wake of general business trends. If the new trade agreement results in improvement to industries which are large users of printing and advertising matter, the printing and allied trades may look forward to a better year than in 1938.

Linage figures for both Canadian and daily newspapers in the United States were mostly on a descending scale during 1938. With business standing to improve under the trade agreement, the reverse should be the case in 1939. Magazines and business papers have had much the same experience, but should do better in the new year.

• • •

C. D. Harrington

Vice-president, Anglin-Norcross Corp.

At this time the outlook for the construction industry is rather obscure. As long as the European situation creates fear, prospective builders will hold back. The fact that a Federal election is pending is always unsettling. War orders will produce certain work and it is likely that the Federal Government will bring out further Public Works. Certain work will go on as "relief projects."

Undoubtedly there is a big "backlog," but fear must be removed to create the demand. I see no likelihood of a boom. The certainty of peace for some time to come would work wonders.

Our Federal Government is assisting the industry in every way possible. Removal of sales tax on building materials means a showing on the total cost of residences to owners of about 5½% and this saving is greater on high-class buildings.

The Home Improvement scheme is working well and assistance to housing is being taken advantage of more and more. A code of standards is also being prepared.

Increased activity will mean rising costs. Costs at present are below 1926 and about equal to 1916.

• • •

S. A. Morse

President, Union Gas Co.

While during 1938 there has been a marked reduction in sales of natural gas for house heating purposes, with a consequent falling off in profits, due to mild weather in the spring and in the autumn months, on the whole the natural gas industry in Ontario has made progress during the year. Given normal weather conditions a continuance of the upward general trend of recent years in the use of gas is indicated. As the year ends, the number of connected meters is appreciably greater than at the same time last year and represents an all-time high for the industry in Ontario. A further increase in consumers next year is anticipated.

Extensive exploration work in the search for new supplies of natural gas has been carried on in the south-western portion of the province during 1938. A considerable number of wells have been drilled, resulting in several instances in an extension of proved producing areas. There have also been encouraging indications of future production in certain new localities.

• • •

J. W. Horn

President Winnipeg Grain Exchange.

He would indeed be a courageous individual who would undertake to predict what lies ahead of the grain trade and the milling industry in Canada during the year 1939.

It has to be admitted that one of the major problems facing Canada today is that of finding markets for our surplus of Canadian wheat and Canadian flour. There appears to be no easy road to a solution.

The one bright spot on the horizon is that this major problem is now being placed squarely before the people of Canada so they may have a proper appreciation of its importance in our national life, and realize the necessity for finding some solution. Canadian wheat and Canadian flour are the highest quality in the world and there are thousands of people in Europe and elsewhere who would welcome the opportunity of using these high quality products, but who are prohibited from doing so by various restrictions which need not here be emphasized.

Canada wants to sell, and these people want to buy, Canadian wheat and Canadian flour. Can we and they get together during 1939?

• • •

B. T. Huston

Editor, Canadian Grocer

Many branches of the food industry in Canada are thankful that 1938 is over. Manufacturers, wholesalers and retailers—with exceptions—have been beset with apparent overproduction, with falling markets, hand-to-mouth buying, price cutting and all the grief that goes with them.

This situation is likely to continue into the first part of 1939 at least; but there is every reason to look forward to an improvement later on. Improved conditions in western Canada due to crop money being more evenly distributed are bound to make themselves felt in grocery manufacturing all over the country. The general business situation in the United States seems to be gradually righting itself and we in Canada will benefit—barring, of course, any major European trouble.

There are, too, hopeful signs that the cutthroat competition prevailing among retailers over the past 18 months or more will subside, all of which forecasts a better grocery year than 1938.

• • •

J. J. Seitz

President Underwood Elliott Fisher Ltd.

The two factors which most retarded the Canadian office equipment industry in 1938 will in all probability not be present next year so it is reasonably prudent to predict that 1939 may mark a new high in the industry's sales achievements for the 1930-40 decade.

A sympathetic reaction to the recession across the United States border and an overshadowing fear of war were principally responsible for 1938's failure to keep pace 100 per cent with the industry's 1937 accomplishments. That these two factors have already been dissipated is evident in the activity attending the end of 1938.

Next year, so far as office equipment goes, should develop well under the joint stimulus of the recently consummated international trade agreements and further fruition of expansion plans which many Canadian manufacturers formulated years ago.

Unforeseen circumstances may arise to disfigure this promising outlook. Otherwise, my associates in our 25 branches from coast to coast join me in regarding 1939 with complete confidence and a rising optimism.

• • •

Paul J. Myler

President, Canadian Westinghouse

It has been our past experience that revivals in business in the United States are followed later by a similar revival in Canada. The recent business upturn south of the lines should therefore be reflected in the Canadian picture in the course of the next few months.

Also, if as a result of improving traffic on the Canadian railways purchases of new rolling stock are initiated, this in itself would help to improve conditions over here, as railway purchases speed up manufacturing operations, spreading throughout the whole industrial community.

In the field of the electrical industry conditions have been quiet, but it is hoped that the increasing consumption of power will lead before long to additional development of water power sites and extensions to present plants, with consequent capital expenditures in the electrical manufacturing field. This industry is necessarily a self-perpetuating one in that increased use of power by electrical devices invites the generation of additional power, and the availability of this additional power in turn invites its utilization by additional appliances. There is, therefore, no reason in our own industry to be pessimistic as to the ultimate outlook.

• • •

V. R. Smith

General Manager, Confederation Life Association; President, American Institute of Actuaries.

It is reasonable to suppose that the upward trend in life insurance, which has been so pronounced during the autumn months, will continue well into 1939. Certainly, the record of life insurance in Canada in 1938 supports the prediction that Canada has the brightest future of any nation in the world today . . . Each succeeding wave of unrest that fans out across Europe makes Canadian prospects look brighter.

Proportionately, the sales of new life insurance in Canada have been greater than in the United States—evidence that Canadian recovery has advanced further than in the United States, for life insurance sales have long been a reliable gauge of purchasing power. New sales of Canadian companies up to the end of November last are down only 2%, a first-class showing when we consider that life insurance sales in the U. S. dropped 18%.

The trend, however, is most important. Upturn of business in the United States has been so pronounced that sales of new ordinary life insurance in November, 1938, are 4% greater than for the same month of 1937.

We have every reason for confidence, not only in the field of life insurance, but for our national well-being as a whole. A year ago Canada was on the verge of an economic recession; now we are in the revival stage. This coming year may bring the long-awaited recovery which will restore really normal business conditions.

• • •

H. E. Sellers

President, Alberta Pacific Grain Co.

Toward the end of 1938 there was evident a spirit of greater unity in the Prairie Provinces than had existed in many years. Premier John Bracken of Manitoba performed a great service for western Canada in arranging his recent markets conference. Here the unpalatable facts on the present position and future outlook of farming in western Canada were laid bare by competent authorities.

Self-interest and rancor of past years created in the fight for the handling of the farmers' produce were forgotten in view of the problem of the farmer being faced with loss of markets and unprofitable prices for the product of his toil. A united West arose from the conference.

The gathering should result in bringing to all sections of Canada the absolute need for finding new and extended markets for wheat and other cereals at a fair and just price for the farmer if Canada is to prosper in 1939 and in future years.

• • •

A. B. Wood

President, Sun Life Assurance Co. of Canada.

Despite the many disquieting factors and events of the past 12 months, the institution of life insurance in Canada has again proved its inherent stability in a very healthy manner. Indeed, one of the most significant features of the business of life insurance over many generations is the consistency of development and achievement under all circumstances; a performance which continues to be more and more impressive to the man in the street. It is one of the few institutions which has remained stable under the most trying condi tions and there can be no doubt tha men and women in ever-increasin numbers will direct their saving into this channel which time an circumstance have proved so invulnerable to the uncertainties of ou times.

As far as 1939 is concerned, ther are already definite signs favorabl to the business of life insurance. Conditions on this continent have begu to improve decidedly and that re tarding fear or lack of confidenc which has been evident for som time past is disappearing. Busines now reflects this more hopeful atti tude and there is every reason t look to the future with great con fidence and satisfaction.

In the year to come we can expec that the beneficent services of lif insurance on this North America continent will spread to many mor thousands of men and women wh have long been waiting their firs opportunity to become co-partners i a business of such traditional secur ity.

• • •

Edward Anderson

President Winnipeg Electric Co.

The outstanding development i recent years in Manitoba is th growth of the production in the min ing industry from practically noth ing a few years ago to $17.5 million in 1938. A number of important de velopments will be proceeded wit in 1939, including a $2.5 million ex tension to Hudson Bay Mining an Smelting Co. Ltd. property at Fli Flon—one of the world's largest co per mines. Winnipeg benefits ma terially from these developments.

The beneficial effects of the ne international trade treaties expecte for western Canada will undoubte ly be reflected in Winnipeg's bu ness.

Increased construction, especiall home building, is expected in 1939 b those with a knowledge of the loc situation

The adoption of many addition uses for coal gas has enlarged t field for the sale of this product a the extension of our hydro-electr power line to Kenora has made po er available to the mining properti in the vicinity of which the li passes.

While business prospects are f short of what we would like them be, 1939 promises to be a better ye for our company than the one j past. I see no reason for anythi but a sane, practical confidence the future of Winnipeg and the Pro ince of Manitoba.

Further forecasts will be found page 5.

FROM THE UNKNOWN
. . . to the familiar!

What the experts declared impossible fifty years ago is now an accomplished fact. Today huge Westinghouse generators enable central stations to produce power, Westinghouse transformers and circuit breakers assist its distribution, Westinghouse motors apply this power to the service of industry whilst Westinghouse Ranges, Refrigerators, Washers, Radios and Mazda Lamps bring comfort and relief from toil to homes throughout the land.

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